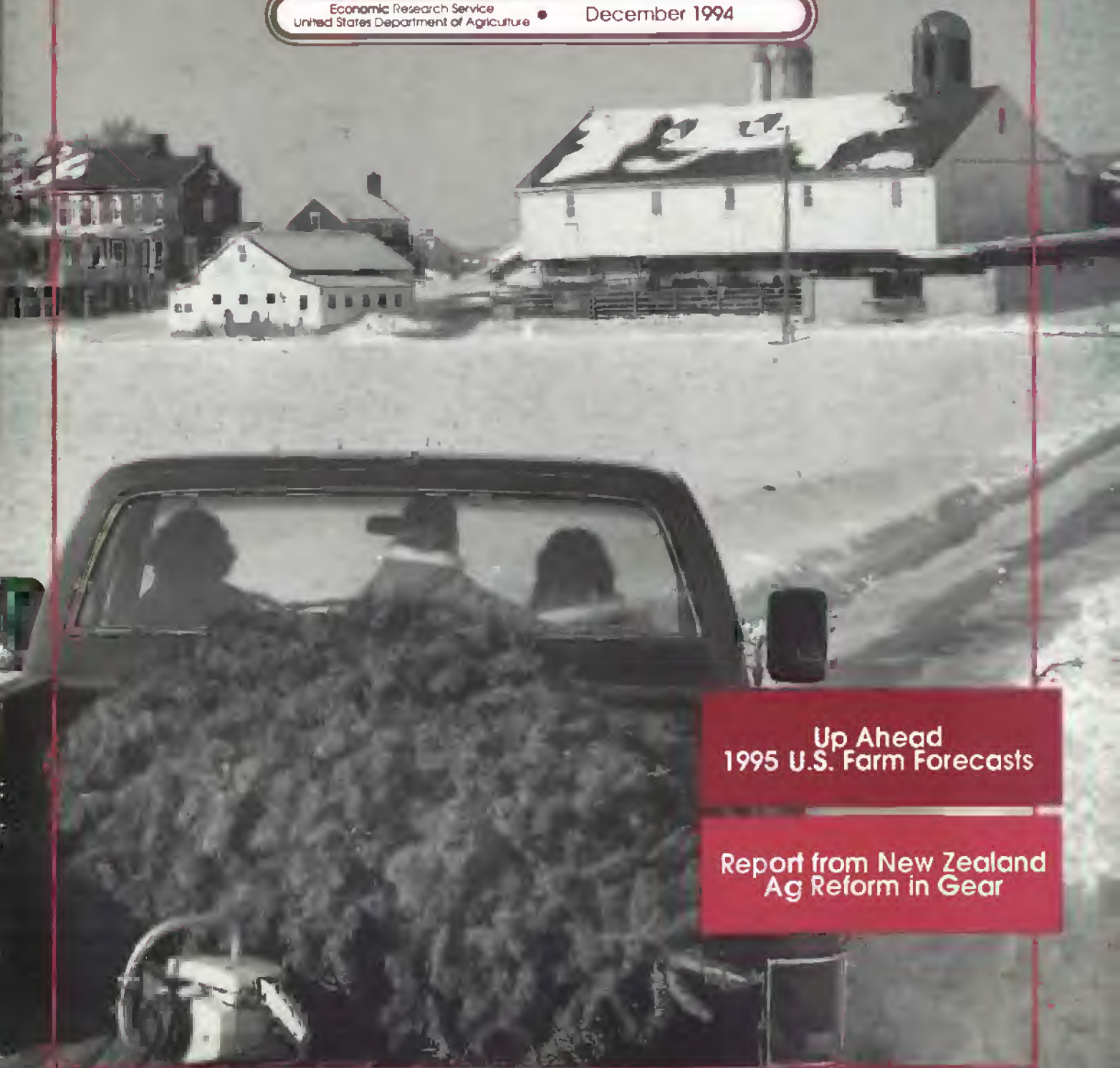


AGRICULTURAL OUTLOOK

Economic Research Service
United States Department of Agriculture

December 1994



Up Ahead
1995 U.S. Farm Forecasts

Report from New Zealand
Ag Reform in Gear

December 1994/AO-214

AGRICULTURAL OUTLOOK



Departments

2 Agricultural Economy

1995 Farm Outlook: A First Glance
Commodity Overviews
News Watch

Allen Johnson & Frederic Suris

15 Commodity Spotlight

U.S. Orange Juice Industry Faces
Challenges in the 1990's

Dennis Shields & Boyd Buxton

17 World Agriculture & Trade

Rebuilding the Ag Sector in Haiti
U.S. & Mexico—Early Gains From NAFTA

Richard Brown

Constanza Valdes

24 Farm Finance

The Major Farm Lenders: A Look at
Their Clientele

Charles Dodson & Steve Koenig



Special Article

28 Farming Without Subsidies In New Zealand

Felix Spinelli



Statistical Indicators

34 Summary

35 U.S. & Foreign Economic Data

36 Farm Prices

37 Producer & Consumer Prices

39 Farm-Retail Price Spreads

40 Livestock & Products

44 Crops & Products

48 World Agriculture

49 U.S. Agricultural Trade

52 Farm Income

57 Food Expenditures

57 Transportation

58 Indicators of Farm Productivity

59 Food Supply & Use

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U.S. Ag Prospects in 1995 . . . NAFTA's First Year . . . The Orange Juice Industry . . . & Reduced Subsidies in New Zealand

Farm Outlook for 1995

Near-perfect growing conditions and record crops in 1994, along with the largest-ever livestock production, have lowered prices for a broad spectrum of commodities. In 1995, consumers will see another year of low food price inflation. And farm program participants will be compensated for low prices with larger government support payments.

The record output achieved in 1994, due largely to unusually high yields for major crops, will not likely be repeated in 1995. USDA's yield projections for corn, the nation's biggest crop, do not match 1994's extraordinarily high yields until after 2000. Looking ahead, a period of excess crop production, declining farm prices, and rising stocks is unlikely.

NAFTA—The First Year

Although less than a year old, the North American Free Trade Agreement (NAFTA) has already had a positive impact on the U.S. farm sector. NAFTA went into effect on January 1, 1994, and during the first 8 months, U.S. agricultural exports to Mexico totaled \$2.9 billion, up 13 percent from a year earlier. If this trend continues, U.S. farm exports to Mexico could exceed \$4 billion for the year, an 11-percent annual increase.

Mexico is selling more farm products to the U.S., with farm exports in the first 8 months of 1994 up 5 percent from a year earlier, reaching \$2 billion. NAFTA has also paved the way for other mutually favorable agreements, including an agreement by Mexico to impose less restrictive meat and poultry inspection procedures.

Ag Reform in New Zealand

In the mid-1980's, New Zealand became one of the first countries to unilaterally abolish many sector-specific agricultural programs. The producer subsidy equivalent in New Zealand—a ratio of direct



and indirect subsidies to the production value of five major commodities—fell from 25 percent in the early 1980's to 3 percent in 1993.

Today many countries, including the U.S., are under pressure to adjust farm support programs to conform to trade agreements and remain competitive in global trade. New Zealand's experience may offer lessons for the U.S. in analyzing the economic and political environment that motivated the reform, and in assessing short- and longrun adjustment concerns and the impact on production

Orange Juice Horizons

Increased supplies of Florida orange juice are putting downward pressure on grower prices, pushing down retail prices, and boosting U.S. consumption. Florida's orange crop in 1994/95 is expected to climb to a near-record 196 million 90-lb. boxes, up 13 percent from last year and second only to the record 207 million boxes in 1979/80. The prospect of even higher orange juice production this decade is challenging U.S. orange growers, processors, and marketers to expand both domestic and export markets.

Also affecting the industry will be global trade liberalization. The recently completed GATT Uruguay Round, if approved by all member countries, will reduce protection for the U.S. industry by reducing or removing tariffs. At the same time, however, it will expand opportunities for U.S. orange juice sales abroad.

Farm Lenders' Clentele

Data from USDA's Farm Costs and Returns Survey for 1991-92 reveal that the debt of the three major types of farm lenders is concentrated among different classes of farm operators. These lenders—commercial banks, the Farm Credit System (FCS), and the Farmers Home Administration (FmHA)—together account for about 75 percent of the total debt owed by farm operators.

FmHA holds debt primarily owed by smaller, low-income, and higher risk farm operators, targeting loans to farmers unable to obtain adequate credit from commercial sources. FCS concentrates its debt among larger, older, wealthier, and higher income operators. Commercial bank debt is spread among the broadest range of farm operators.

Haiti—The Task Ahead

Prospects for political stability in Haiti and the lifting of international trade embargoes offer promise for revitalizing the country's ailing agricultural sector. The challenge involves reversing generations of severe stress on the country's land and water resources.

In the short run, foreign aid donors need to provide adequate food aid for all Haitians so they have the energy to rebuild the economy. In the long run, the task for Haiti's farm sector is to raise productivity and exports. Coffee and mangoes are its major farm exports, and while coffee production has declined over several decades, mangoes have become the primary farm export growth industry.

Agricultural Economy



1995 Farm Outlook: A First Glance

Debate on the 1995 farm bill will take place in an environment of large supplies of crops and animal products, and stable food prices. Record crop production in 1994 has pushed prices for most crops below recent years. And record livestock production is pressuring animal and meat prices.

With stable to declining farm commodity prices in 1995, consumers will see another year of low food price inflation. For the fifth consecutive year, U.S. food prices will increase less than the rise in the Consumer Price Index.

On balance, larger government support payments in 1995 will compensate farm program participants for the decline in prices. Cash farm income is likely to change little from 1994 to 1995.

But the high agricultural output achieved in 1994, due largely to very high yields for major crops, will not likely be repeated in 1995. An extended period of excess production, declining farm prices,

and rising stocks is unlikely. For example, USDA projections for corn yields do not match 1994's extraordinarily high yields until after 2000.

1995 Crops To Dip Below Record

A sharp decline in ending stocks in 1993/94 led to zero acreage reduction program requirements (ARP's) in 1994/95 for all program crops except cotton. As a result, most of the country's farm program base acreage was planted, except what was idled in the long-term conservation reserve set-aside program. In addition, growing conditions in 1994 were excellent—planting was early, rain came at the right times, and crops matured and were harvested early. Thus yields were very high, and production for major spring-planted field crops—corn, soybeans, rice, and cotton—soared to records.

Wheat was the main exception. Despite a 0-percent ARP for wheat, acreage decreased and yields dropped. However, durum production increased 34 percent, high enough to reduce the incentive for pasta millers to import durum wheat. For fruits, vegetables, and specialty products, 1994 production is expected to be up 3-5 percent.

The low stocks of major crops at the beginning of 1994/95 have been more than offset by record production, increasing supply and driving down prices. But despite record crops, ending stocks are expected to be modest in 1994/95. While corn ending stocks are expected to more than double to 2.1 billion bushels in 1994/95, they would still be less than half the peak levels of 1987/88. With normal weather and trend yields, production in 1995 should drop enough to bring down next year's ending stocks and strengthen prices.

Wheat prices have been strong in 1994/95 because of tight U.S. supplies and unexpectedly strong export demand. USDA has already set a 0-percent ARP for 1995/96 wheat. This will be the third consecutive year without a required set-aside for wheat program participants.

The higher 1994/95 prices should lead to more winter wheat seeding this fall, as participating producers return idled flex acres to wheat production, and program nonparticipants increase wheat plantings. According to USDA's preliminary analysis of 1995 program options, a 0-percent ARP would lead to a wheat crop of 2.4 billion bushels, a 4-percent increase from 1994, assuming normal weather and trend yields.

Despite the large 1994 crops, most base acreage will be planted in 1995. The corn ARP was raised to only 7.5 percent, relatively low by historical standards, and zero ARP's remain in effect for other feed grains and wheat. The preliminary cotton ARP for 1995 is 7.5 percent, down from 1994. No major change in the zero set-aside for rice is likely, because of strong demand growth.

Record Livestock Output Expected

The livestock and poultry sector, after expanding sharply in 1994, will continue to grow in 1995 despite lower prices for most meats. Live hog prices are the lowest since the early 1980's, and fed cattle prices are at 7-year lows.

Forecasts for 1995 point to a 4-percent increase in total meat production, following a 5-percent gain during 1994. Total meat consumption is expected to reach a record 212 pounds per capita (retail-weight basis) this year and could increase another 7 pounds in 1995. Lower feed costs will offset some of the effects of weak prices for animal producers.

Beef production and consumption during 1995 will edge up as the cattle herd continues to expand. Feedlot operators will continue to market cattle at heavier weights. Prices for live cattle dropped about \$7 to \$8 per cwt in 1994, and are likely to drop another \$1 to \$2 in 1995.

Pork accounts for the biggest share of the projected increase in red meat production for 1995. Hog production is expanding in response to past profitable feeding margins during the early 1990's. This

will mean a further drop in hog prices in 1995. Feeding margins will be pinched, so farrowing plans could be scaled back.

Broiler producers continue their relentless expansion. The size of the hatchery supply flock indicates a 5-percent gain in 1995. Poultry meat prices are projected to decline in 1995 because of the pressure of abundant red meat supplies. Returns this year are expected to be the same as in 1993, and are forecast to remain positive in 1995 despite lower prices for broilers.

Modest Gain Seen For Ag Exports

U.S. agricultural exports in fiscal 1995 are projected to be \$45 billion, up from \$43.5 billion in 1994. Gains in high-value exports such as livestock and horticultural products are expected to account for the increase. The value of livestock, poultry, and dairy product exports is forecast to reach a record high. Beef exports account for most of the expected gain, but poultry is also likely to show

increases. The outlook calls for larger exports of fresh and processed fruits and vegetables, while tree nut sales will drop. For bulk agricultural exports, shipments are expected to increase during 1995 because of the lower prices, but the value will decline. Large U.S. supplies and less competition will allow the U.S. to gain market share in the 1994/95 world feed grain market, but bulk commodity trade has generally declined in recent years.

For example, world wheat trade is 14 percent below 2 years ago. And although world coarse grain trade is up slightly from last year, it is well below previous years. Contraction of the former Soviet Union grain market has more than offset the impact of larger grain imports by other countries.

U.S. agricultural imports will rise \$1.6 billion, to \$28 billion, in 1995. The entire gain is due to the runup in coffee prices caused by the small 1994 Brazilian crop. The U.S. will spend \$4 billion to import coffee this year—more than the rest of the world will spend to purchase U.S. corn.

Farm Payments To Rise

Farm program participants will, on average, receive larger government support payments in 1995 than this year because of lower prices. Total direct payments for calendar 1995 are expected to be up \$2 billion, offsetting modest increases in production expenses. Corn producers are projected to receive the largest increase in direct payments, excluding disaster payments.

Because of the decline in prices, soybean and feed grain producers may receive marketing loan payments this year. When posted weekly county prices fall below the CCC loan rate, program participants can repay the loans at the lower posted price or receive marketing loan payments, which cover the difference between the posted county prices and the county loan rate.

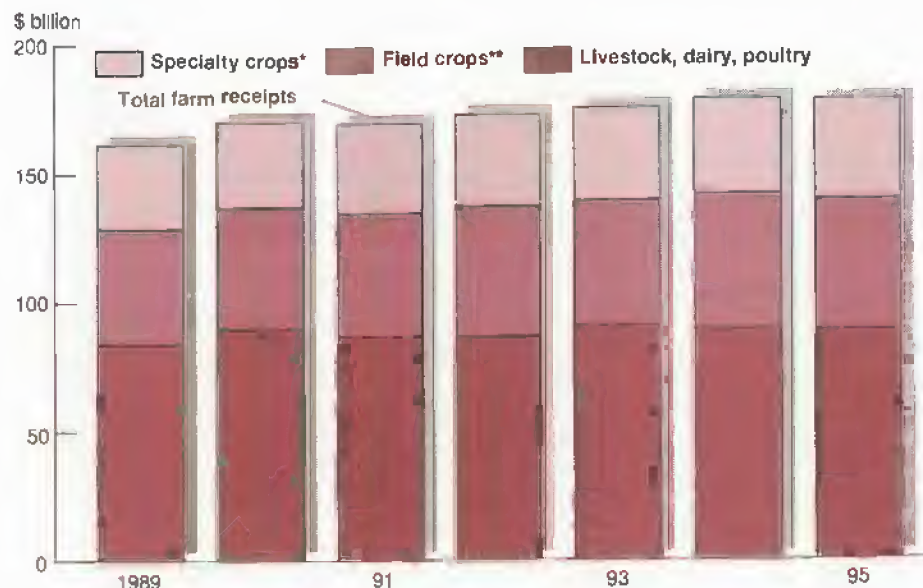
Marketing loan deficiency payments have already been made for corn, soybeans, and sorghum in some areas, and additional payments are likely. All production of program participants is eligible for marketing loan deficiency payments.

Food Prices To Move Up Slowly

The Consumer Price Index (CPI) for food in 1995 is projected to increase at a slower rate than the overall CPI. This continues the trend of food prices since 1991 to rise more slowly than the general rate of inflation. Abundant meat supplies are expected to result in lower prices for meat products. Coffee prices will be about the only source of food price inflation.

Marketing costs have more of an impact than farm prices on consumer prices, making up 78 percent of the consumer food dollar. Marketing cost increases are likely to be moderate, reflecting the low level of overall inflation. Labor, packaging, energy, and transportation cost increases will change little from this year.

Livestock, Dairy, and Poultry Account for About Half of Farm Receipts



1994 and 1995 forecasts.

*Includes vegetables, fruits, tree nuts, and greenhouse products. ** Food grains, feed grains, cotton, tobacco, and oilseeds.

Agricultural Economy

After expanding nearly 4 percent in 1994, U.S. gross domestic product (GDP) is expected to grow at a more sustainable 3 percent in 1995. This means continued growth in demand for income-sensitive commodities like meats, which are expected to reach record production levels, and little likelihood of inflation rising above the current 3 percent. Low inflation will hold down increases in most farm sector production costs, although interest rates may continue to rise.

Growth in the global economy is expected to accelerate next year as recovery in developed economies picks up steam and most developing economies continue to grow rapidly. The economic decline in the former Soviet Union appears to be slowing, and the contraction in much of Eastern Europe is over.

Beyond 1995, the prospect of continued strong economic growth, both in the U.S. and abroad, and the gradual phase-in of GATT and NAFTA, will support significant growth in demand for U.S. agricultural products during the remainder of the decade.

[Allen Johnson (202) 501-8544 and Frederic Surls (202) 219-0815] AO

Next month in

Agricultural Outlook . . .

- Farm population—the latest Census of Agriculture tally
- Grain quality—its impact on U.S. exports
- The 1995 farm bill—resource issues to watch

Field Crops Overview

Domestic Outlook: November Projections For 1994/95

Forecasts for record U.S. corn, soybean, and rice crops in 1994/95 are expected to lead to sharply lower prices, stronger domestic use, and increased exports compared with a year earlier. Cotton production is also a record, but strong demand has pushed 1994/95 prices above a year earlier through November.

In contrast to the other field crops, wheat production is estimated down 3.5 percent from last year, and prices are projected up in response to reduced U.S. and global supplies. Higher wheat prices and favorable weather in the Corn Belt at planting have led to expectations of higher 1995/96 winter wheat planting.

While localized storage problems have occurred in some states, all grains and oilseeds are expected to be under cover before January as large exports and increased domestic use pull down stocks. Nevertheless, the abundant harvest has resulted in tight storage in some states, including Illinois, Indiana, Kansas, and Ohio. And while there appear to be no storage problems for cotton, temporary off-farm storage "pods"—made of polyvinyl chloride—are being used to store part of this year's huge rice crop.

A record corn crop will contribute to a sharp decline in feed grain prices. The 1994/95 corn crop is forecast at a record 10 billion bushels, 58 percent above last year, when adverse weather sharply reduced output. Increased planted area and ideal growing and harvesting weather led to the large production gains. Yields and quality are greatly improved from last year, and area harvested for grain has increased sharply compared with 1993, when much land was abandoned.

Ending stocks in 1994/95 are projected to be more than double the low level of the previous year, pressuring prices down. Corn prices in 1994/95 are forecast to average \$1.85-\$2.25 per bushel, down from \$2.50 last year. In some areas of the Corn Belt, local prices at harvest have been below county loan rates, but producers' use of Federal marketing loan provisions should keep grain flowing into market channels.

The lower prices are expected to stimulate stronger domestic use. With pork and poultry output expected to rise, the amount of corn in feed rations will likely increase as feed millers shift away from wheat and other feed grains. Food, seed, and industrial use is also forecast to be higher. In addition, lower prices are expected to stimulate corn exports.

Despite the record corn crop, the total feed grain crop in 1994 is projected to be only the third largest on record. Although the 1994 sorghum and oat crops are forecast to be up from last year, the barley crop is estimated to be 375 million bushels, down 6 percent and the lowest since 1988/89. While harvested area for barley is down only 2 percent from last year, it is the lowest in 50 years. Domestic use and exports of barley are also anticipated to decline as barley prices rise relative to corn.

Sorghum supplies are expected to be tight in 1994/95, despite a larger crop, because of reduced carryin stocks. However, sorghum prices will be pulled down by lower corn prices. At the same time, sorghum use is expected to fall as corn replaces sorghum in feed rations.

Wheat prices will rise with the decline in domestic and global supplies. The 1994/95 wheat crop is forecast to be down 3.5 percent from the year before because of smaller harvested area and reduced yields. Despite a zero acreage reduction program (ARP) requirement in effect and relatively high prices, wheat area did not expand—the result of poor conditions and unattractive prices at winter wheat planting time. Winter wheat output suffered the sharpest decline of all wheat classes, down 6 percent. Area planted to winter wheat this fall is expected to rise because of favorable plant-

Agricultural Economy

Farmer-Owned Reserve Opened For Feed Grain Producers

On November 3, the Administration announced that producers will be allowed to enter their 1994 corn, sorghum, barley, and oats crops into the Farmer-Owned Reserve (FOR). The FOR provides farmers with the option to extend nonrecourse price support loans that have expired. Farmers receive these short-term (9-month) loans from the CCC by pledging a quantity of the commodity as collateral. At the end of the 9 months, farmers become eligible to enter the grain into the FOR if it is opened, extending their loans for an additional 27 months.

The FOR was opened this year because the average corn price for the 90 days preceding the announcement was less than 120 percent of the support price—a statutory trigger. Total stocks of feed grains in the FOR may not exceed 900 million bushels.

U.S. Field Crops—Market Outlook at a Glance

	Area		Yield	Output	Total supply	Domestic use	Exports	Ending stocks	Farm price
	Planted	Harvested							
	—Mil. acres—		Bu./acre	— — — —	— — — —	Mil. bu	— — — —		\$/bu
Wheat									
1993/94	72.2	62.7	38.3	2,403	3,041	1,243	1,228	570	3.28
1994/95	70.5	61.7	37.8	2,320	2,975	1,207	1,250	518	3.25-3.65
Corn									
1993/94	73.3	63.0	100.7	6,344	8,478	6,299	1,328	850	2.50
1994/95	79.1	72.3	138.4	10,010	10,865	7,185	1,825	2,055	1.85-2.25
Sorghum									
1993/94	10.5	9.5	59.9	568	743	494	202	48	2.31
1994/95	9.7	8.8	70.5	622	669	383	220	66	1.85-2.05
Barley									
1993/94	7.8	6.8	58.9	400	623	418	66	139	1.99
1994/95	7.2	6.7	56.2	375	579	390	60	129	1.90-2.10
Oats									
1993/94	7.9	3.8	54.4	206	426	318	9	106	1.36
1994/95	6.8	4.0	57.2	230	415	300	1	114	1.20-1.30
Soybeans									
1993/94	60.1	57.3	32.8	1,869	2,167	1,369	589	209	6.40
1994/95	61.8	60.8	41.5	2,523	2,737	1,472	770	495	4.80-5.50
			Lb./acre	— — —	Mil. cwt (rough equiv.)	— — —			\$/cwt
Rice									
1993/94	2.92	2.83	5,510	158.1	202.5	97.0	79.4	26.0	8.08
1994/95	3.35	3.30	5,954	196.5	230.5	102.0	83.0	45.5	5.25-6.75
				— — —	Mil. bales	— — —			¢/lb
Cotton									
1993/94	13.5	12.8	606	18.1	20.8	10.4	8.9	3.5	59.00
1994/95	14.1	13.4	695	19.5	23.0	11.0	7.2	4.9	

Based on November 9, 1994 World Agricultural Supply and Demand Estimates; U.S. marketing years for exports.

* USDA is prohibited from publishing cotton price projections.

See table 17 for complete definition of terms.

ing conditions in the Corn Belt, current high prices, and a continued zero ARP requirement.

Durum production rose one-third from last year's poor crop because of improved weather and attractive prices at planting. However, production of other spring-planted wheats fell slightly because of disease problems and dry conditions in some areas.

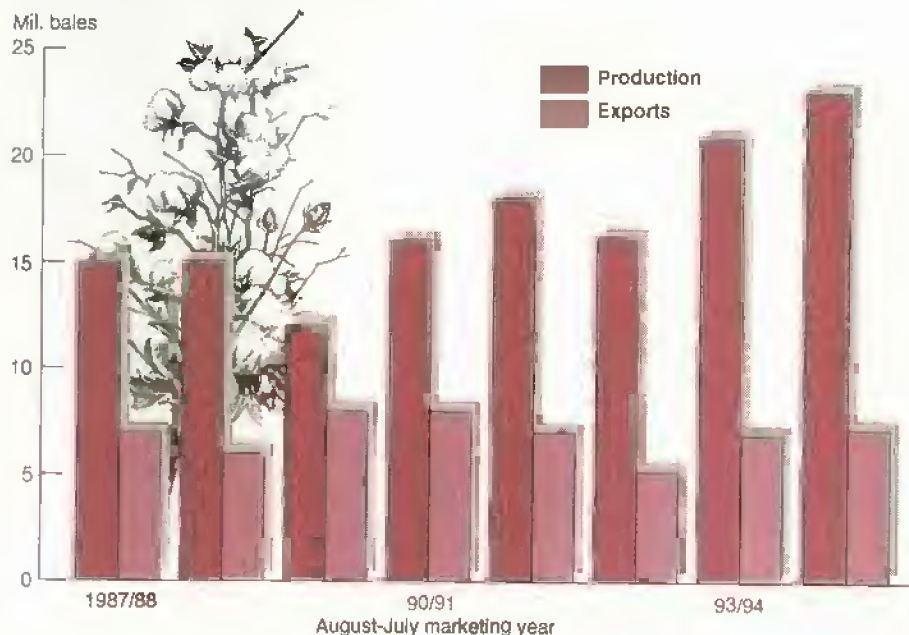
The 1994/95 season-average price for all wheat is forecast to be \$3.25-\$3.65 per bushel. If the price reaches \$3.45 per bushel, it will be the highest since 1989/90. Although feed use of wheat was strong prior to this year's record corn harvest, feed and residual use in 1994/95 is projected to be down from the previous year, resulting in a 3-percent decline in total domestic wheat use. However, exports are forecast to be up 2 percent as foreign export supplies tighten and global imports remain stable. Lower U.S. production combined with forecast larger exports are expected to reduce stocks and likely push up prices.

A record U.S. soybean crop will push prices down. An anticipated 2.5-billion-bushel 1994 bumper soybean crop will push supplies to a record. Prices are forecast to average \$4.80-\$5.50 per bushel in 1994/95, down from \$6.40 last year. Early in the harvest period, prices seemed poised to dip below the loan rate. However, prices started to rise in mid-October and continued to firm through early November in response to strong export demand for soybeans and products. Nevertheless, producers are still likely to place a substantial volume of their crop into the Commodity Credit Corporation's (CCC) loan program to hold for higher prices expected later in the year.

Low soybean prices are likely to lead to wider-than-average crushing margins (the difference between the bean price and the price for soybean oil or meal) and a record U.S. crush. Declining soybean meal prices will help raise domestic consumption, especially since hog and broiler production is forecast to increase. With soybean meal prices the lowest since 1985, export demand for U.S. soybean meal is also expected to be strong. However with foreign crush margins also

Agricultural Economy

U.S. Cotton Crop Soars to Record



1994/95 projection. 1 bale = 480 lbs.

expected to be wide, U.S. soybean exports are expected to be higher, limiting the expansion of U.S. soybean meal exports. Export prospects for U.S. soybean oil also remain bright this year because of competitive U.S. prices relative to other vegetable oils, especially palm oil.

Cotton and rice exports are expected higher in 1994/95. The 1994/95 cotton crop is forecast at 19.5 million bales, up 21 percent from last year. Despite prospects for a record crop, prices are currently higher than a year ago. Cotton fiber use is increasing its share in textiles despite polyester's apparent price advantage, but use for both is rising as total fiber use expands. Total cotton consumption in 1994/95 is projected up 6 percent from 1993/94. Even though textile imports are growing, mill use of cotton continues near capacity as domestic use rises.

Textile exports, which are reflected in domestic cotton use, are projected to rise as well. U.S. cotton exports are forecast to be up 2 percent, at 7 million bales. Foreign export supplies are projected down while foreign consumption is expected to grow.

Rice production in 1994/95 is projected to be a record 196.5 million cwt. Area was up 17 percent from the previous year because of a zero ARP and high prices at planting time. In addition, favorable weather at harvest boosted yields 8 percent, to a record 5.95 cwt per acre. The large crop, combined with a forecast for higher ending stocks, are causing rice prices to drop sharply. The abundant supplies will more than offset a forecast increase in domestic use and exports, leading to an expected season-average price of \$5.25-\$6.75 per cwt, down from \$8.08 in 1993/94.

[Sara Schwartz (202) 501-8514]

Global Market: Outlook for 1994/95

World wheat production is expected to drop nearly 6 percent from last year, due largely to smaller crops in the former Soviet Union and Australia, pushing prices up and stocks down. Foreign coarse grain production is expected to be down 10 percent from last year. And with a record U.S. corn crop, U.S. exporters should see a big jump in trade. World rice trade is projected to contract slightly in 1995 due to the withdrawal of Japan as a major importer as its production recovers. Global cotton production is expected to rebound from last year's small crop, with major increases expected in the U.S. and China.

World wheat output and stocks will drop in 1994/95. World wheat production in 1994/95 is projected to be the lowest in 6 years and well below consumption, pushing ending stocks to their lowest in 14 years. As stocks drop, world prices continue to rise. Much of the decline in global production is expected in the former Soviet Union (FSU), where production is off an estimated 22 percent. But drought in Australia is also a significant factor, as production is projected to drop to 8.3 million tons, less than half last year's level.

World wheat trade, projected to be 95.6 million tons, is the lowest since 1986/87 and 4 percent below last season's weak performance. Although China's imports are expected to rise, imports by other major buyers, such as the FSU, Morocco, and South Korea, are projected down sharply, offsetting the gains in China.

In October, China's import agency, Ceroilfood, announced that wheat imports were completed for the calendar year because world prices were too high for additional purchases. China apparently will draw down stocks rather than import more wheat while prices are high. China is expected to resume importing wheat in 1995.

In the FSU, imports are down because livestock inventories are falling, reducing feed demand, and because financing continues to be limited. South Korea, a ma-

Agricultural Economy

for feed wheat importer, has responded to changes in world prices by substituting imported corn for feed wheat. North Africa's purchases of milling wheat are down, primarily because of improved weather and larger harvests in Morocco.

As projections for Australia's crop fall, its exports are forecast down to 6.5 million tons, just over half of last year's level. Although Australia is likely to try to retain markets in Asia, its reduced exports will create opportunities for other suppliers such as the U.S. and Canada, particularly in the high-quality markets. Australia's market share is expected to drop from 12.8 percent last year to 6.8 percent this year, while the U.S. share of the world market increases 2.4 percentage points to 35.6 percent and Canada's share rises from 18.7 to 21.4 percent. U.S. wheat exports are projected to be 34 million tons in 1994/95, up 1 million from last year.

U.S. corn exports will rise as foreign coarse grain output slips. A drop in foreign coarse grain production in 1994/95, combined with a record U.S. corn crop, is underpinning strong prospects for U.S. corn exports. U.S. 1994/95 corn exports are projected to be 41.3 million tons, up 23 percent from last year's low level.

Strong demand for U.S. corn in 1994/95 is reinforced by significant declines in foreign coarse grain production and exports. Led by an expected drop in barley production, foreign coarse grain production is projected down nearly 15 million tons from last year's record high. Lower barley production in the European Union (EU) and Australia is expected to reduce world barley output and exports to the lowest since 1982.

Coarse grain production in the FSU is projected down 9 percent from last year. The FSU's corn production is projected

to decrease 30 percent to 6.2 million tons, as dry weather in Russia and Ukraine reduce yields. But with declining livestock inventories and foreign exchange constraints, this output—while the lowest in over three decades—is not projected to increase imports.

A record world rice crop is expected in 1994/95. Larger export supplies, smaller import demand, and a return to the low prices and competitive market conditions of 1992/93 will characterize the world rice market in 1994/95. World rice production is projected to be a record 452.7 million tons (milled) in 1994/95. Production in Burma, Thailand, Vietnam, and the U.S., all major rice exporters, is forecast up a combined 2.8 million tons in 1994, to 43.4 million tons. Pakistan, also a major exporter, is expected to produce a 3.7-million-ton crop in 1994, down slightly from 1993's record 4 million.

World rice trade is projected to drop slightly from this year in calendar 1995, to 15.1 million tons, due mostly to the withdrawal of Japan as a major importer. Japan is expected to produce a 10.9-million-ton crop in 1994, up 53 percent from last year's weather-reduced output and the largest since 1978. However, a record 1994 U.S. harvest and lower prices are expected to improve U.S. competitiveness in international markets, and U.S. market share is projected to be 18 percent in 1995, up from 16.8 percent in 1994.

Record world demand for soybean meal and oil is expected in 1994/95. Steady demand growth in most of the world, except the FSU, is behind the anticipated increase. Global soybean meal and oil consumption are likely to reach records again in 1994/95, hitting 81.8 and 18.6 million tons.

With a record U.S. crop and lower prices, demand for U.S. soybean exports is expected higher this year. Relatively high oil prices and low bean prices have triggered larger world trade in soybeans relative to soybean oil and meal. The U.S., which dominates world soybean trade (over 62 percent), benefits most among

World Wheat Production and Stocks To Drop

	Year ¹	Production	Exports ²	Consumption ³	Carryover
		Million tons			
Wheat	1993/94	558.8	99.5	564.3	142.5
	1994/95	526.5	95.6	552.0	117.0
Corn	1993/94	467.2	54.9	503.2	68.8
	1994/95	555.7	60.5	530.8	93.8
Barley	1993/94	169.9	17.5	169.3	37.3
	1994/95	160.9	15.2	167.6	30.6
Rice	1993/94	350.0	15.5	354.7	50.0
	1994/95	352.9	15.1	357.6	45.3
Oilseeds	1993/94	226.9	36.9	188.8	19.9
	1994/95	251.8	42.3	197.9	29.4
Soybeans	1993/94	118.8	27.7	100.0	17.3
	1994/95	132.6	32.1	123.7	25.3
Soybean meal	1993/94	79.2	29.2	78.8	3.1
	1994/95	82.3	29.2	81.9	3.1
Soybean oil	1993/94	17.9	4.8	18.5	1.3
	1994/95	18.8	4.7	18.7	1.4
		Million bales			
Cotton	1993/94	76.8	26.9	84.6	29.8
	1994/95	86.8	27.0	85.9	30.9

¹ Marketing years are: wheat, July-June, coarse grains, October-September; oilseeds, soybeans, meal, and oil, local marketing years except Brazil and Argentina adjusted to October-September trade; cotton, August-July. ² Rice trade is for the second calendar year. All trade now has been inflated to include trade among the countries of the former Soviet Union. In addition, rice trade, like other grain trade, excludes intra-EU trade. Oilseed and cotton trade, however, still include intra-EU trade. ³ Crush only for soybeans and oilseeds.

Agricultural Economy

Australian Drought Devastates Crops

Australia's most severe drought in 22 years has severely reduced its grain crops, and lack of feed is accelerating cattle slaughter. Australia is a major grain exporter, the fourth largest for wheat and second largest for barley. However, lack of rain during the crucial stages of production has cut forecasts of 1994/95 wheat production and exports to half of last year's, and further reductions are possible. The forecast for barley production is down 65 percent, and exports are 84 percent lower than last year.

The drought is disrupting beef as well as grain markets. Cattle slaughter is rising as feed supplies diminish. Pressure is increasing to place cattle in feedlots as pasture deteriorates. However, with limited supplies of grain for feeding, Australia may have to import some feed grain. As a result of the increased slaughter, beef exports are rising.

The drought is severe enough to necessitate trucking water into some towns, and some local populations may have to be relocated temporarily because of the lack of water. Some forecasters believe that the drought will continue through January 1995 but break in time for planting, which occurs mainly in April and May. The government is offering some assistance in the form of loans to drought-affected farmers.

[Linda Bailey (202) 501-8449]

soybean exporting countries, with U.S. exports projected to rise to 20.7 million tons in 1994/95, up nearly 30 percent from 1993/94.

U.S. soybean exports are benefiting from larger imports by the EU, Mexico, and Brazil. Strong soybean product export demand by countries like China has encouraged larger soybean crushings in Brazil, and a drawdown in their soybean supplies despite a record crop.

U.S. soybean meal and oil exports are also expected to climb, but by only 9 and 25 percent, to 5.3 million and 840,000 tons. Larger domestic crush, smaller soybean meal exports from India, and stronger world soybean oil demand, particularly in China, are supporting the increase in U.S. product exports. India's soybean crop is forecast significantly below last year, as heavy rainfall during planting reduced area and yields.

Despite record global oilseed output, vegetable oil supplies remain extremely tight, and the vegetable oil stocks-to-use ratio is at its lowest level in 20 years. Palm oil stocks are expected to remain

tight through next April when Malaysian palm oil supplies are forecast to recover. U.S. vegetable oil exports, especially soybean oil, are expected to rebound in 1994/95. U.S. soybean oil exports are projected to be the largest in 10 years.

World cotton production will exceed consumption for the first time in 3 years.

At 86.8 million bales, world cotton production gains will more than exceed the large decline of 1993/94. While record U.S. production accounts for some of the 10-million-bale global gain, China's output is expected to increase even more, up 3.4 million bales. Smaller increases are expected in Pakistan, India, Latin America, and Africa. Alone among the major producers, Australia is expected to harvest a smaller crop, due to the prolonged drought.

Cotton use is also expected to rise in 1994/95, but by only 1.3 million bales, to 85.9 million. Use will grow the most in the U.S. this year, but gains are also expected in China, India, Europe, and Southeast Asia. Growth of U.S. consumption has been regularly outpacing foreign consumption since the late

1980's as mill use in Eastern Europe and the FSU has been limited by a difficult transition to a market economy. Another decline is forecast for FSU cotton consumption in 1994/95, while the U.S. share of world consumption will probably be its largest since 1971.

[Carol Whitton (202) 219-0825]

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Upcoming Reports—USDA's Economic Research Service

The following reports or summaries will be issued at 3 p.m. ET on the release dates shown.

December

- 12 Cotton and Wool Update
- Dairy Outlook
- 13 Agricultural Income and Finance*
- Oil Crops Update
- 14 Industrial Uses of Ag. Materials*
- 15 Sugar and Sweeteners*
- 16 Tobacco*
- 19 Agricultural Outlook*
- 21 Livestock, Dairy and Poultry
- 22 U.S. Agricultural Trade Update

* Release of Summary

Livestock, Dairy & Poultry Overview

Fed cattle slaughter is expected to decline seasonally this fall, but cattle prices will remain pressured by large supplies of competing meats and by increased cow slaughter.

Large supplies of pork and competing meats have pushed hog prices into the high \$20's per cwt in the fourth quarter. Breakeven prices are several dollars higher, and if the low prices continue, farrowing plans will likely be scaled back.

Wholesale broiler prices, which have been below 1993 for most of the second half of the year, have weakened seasonally. Large production increases for broilers and red meats have squeezed broiler prices.

Fed cattle prices are under pressure from competing meats. Cattle slaughter continues to be large, as cow slaughter rises seasonally and cattle feeders continue to send large numbers of market-ready cattle to slaughter. Slaughter weights continue to set records. Although fed cattle slaughter is expected to decline seasonally this fall, prices will remain pressured by large supplies of competing meats and by increased cow slaughter.

Numbers of cattle on feed on October 1 in the 13 quarterly reporting states were about 5 percent below a year ago, but up 2 percent from 1992. Fed cattle marketings during the third quarter of 1994 rose less than 2 percent from a year earlier. Marketings were below expectations, especially given the record slaughter weights and nearly 4-percent increase in steer and heifer slaughter during the same quarter.

Net feedlot placements during the third quarter were up less than 1 percent from a year earlier, but up nearly 5 percent from 1992. Feeder cattle supplies outside feedlots on October 1 were up nearly 4 percent from a year ago. Large third-quarter placements of cattle in feedlots, and increasing feeder cattle supplies, will support year-over-year fed cattle marketing gains through 1995.

Although fed cattle prices are about 10 percent below a year earlier, retail prices are down only about 4 percent. The farm-to-retail spread, while down from \$1.49 per pound in June, remains near-record wide. Even as fed cattle prices rise this fall, retail Choice beef prices are likely to remain steady, resulting in a narrowing spread. Very large supplies of processed meats could limit seasonal retail price increases.

Lower hamburger prices are likely because of a large supply of beef trimmings in cold storage, and seasonally large slaughter of heavy, non-Choice fed cattle. Also a factor: increasing beef imports from Australia and New Zealand as these countries fill their Voluntary Restraint Agreement amounts. In addition, intense competition is expected from large supplies of pork trimmings, as

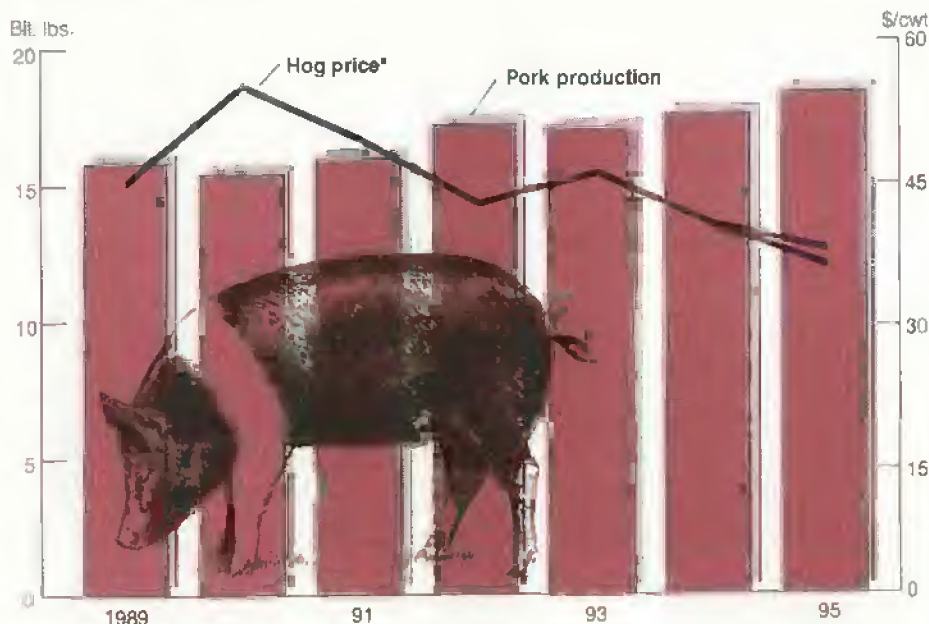
prices drop to bid larger supplies into the domestic and export market.

Pork supplies will be higher next year. Large supplies of pork and competing meats have kept hog prices in the high \$20's to low \$30's per cwt during much of the fourth quarter. Breakeven prices are several dollars higher, and if the low prices continue, farrowing plans will likely be scaled back.

Production increases are not likely to slow until the second half of 1995, and even then, pork supplies are expected to be 3-4 percent higher than in 1994. For 1995, hog slaughter is forecast at nearly 100 million head and per capita consumption at about 55 pounds, both record highs.

Pork imports from January through August 1994 were up 14 percent from a year earlier, although two factors are expected to slow imports during the remainder of this year. First, while Canadian hog inventories are still growing modestly, declining U.S. prices make shipments to the U.S. less attractive. Second, imports from Denmark are expected to decline in the last 4 months as Danish production falls and pork prices increase relative to U.S. prices.

Hog Prices Continue To Fall



1994 and 1995 projections.
*Barrows and gilts.

Agricultural Economy

U.S. Livestock & Poultry Products—Market Outlook at a Glance

		Beginning stocks	Production	Imports	Total supply	Exports	Ending stocks	Consumption		Primary market price
								Total	Per capita	
		— — — — — Million lbs. — — — — —						— — Lbs — —		\$/cwt
Beef	1994	529	24,223	2,400	27,152	1,510	550	25,092	67.3	68.68
	1995	550	24,582	2,485	27,617	1,590	450	25,577	68.0	64-70
Pork	1994	359	17,558	785	18,700	499	385	17,816	53.0	40.55
	1995	385	18,408	775	19,568	515	375	18,678	55.0	36-38
c/lb										
Broilers*	1994	358	23,582	0	23,940	2,690	430	20,819	70.2	55.8
	1995	430	24,861	0	25,291	2,790	410	22,081	73.7	50-54
Turkeys	1994	249	4,941	0	5,190	265	230	4,695	18.0	65.5
	1995	230	5,235	0	5,465	300	265	4,900	18.6	58-63
		— — — — — Million doz — — — — —						No.		¢/doz
Eggs**	1994	10.7	6,127.7	4.2	6,142.6	185.7	13.0	5,141.6	236.5	67.5
	1995	13.0	6,200.0	4.3	6,217.3	170.0	12.0	5,200.3	236.9	63-68

Based on November 9, 1994 World Agricultural Supply and Demand Estimates.

* Cold storage stocks previously classified as "other chicken" are now included with broiler stocks. ** Total consumption does not include eggs used for hatching. See tables 10 and 11 for complete definition of terms.

U.S. pork exports continued to surge this summer. Cumulative exports in the first 8 months of the year were 20 percent above 1993. Mexico has returned as a strong market for U.S. pork since the resolution of an anti-dumping complaint. Japan also has boosted purchases due to lower U.S. prices and a favorable yen-dollar exchange rate.

End-of-year broiler prices weaken

Wholesale broiler prices have weakened seasonally, and for most of the second half of 1994 have been below year-earlier levels. For December, whole-bird prices are expected to be about 4 cents per pound below a year ago. While strong exports have kept prices of dark meat parts relatively high, large production increases for broilers and red meats have generally pressured broiler prices. However, lower feed costs will allow net returns to poultry processors to remain positive.

The size of the hatchery supply flock for broiler-type eggs remains well above last year. In recent months, potential pullet placements, which indicate future size of the broiler hatchery supply flock, have been running 8-10 percent above a year

earlier. This increase is expected to continue through April 1995. Strong production increases of 5-6 percent are expected next year.

Turkey production will increase faster in 1995. Favorable returns to turkey producers during the second half of 1994 have increased expectations for stronger production growth in 1995. Poults placed during September and October were 12 percent above a year ago, and eggs in incubators on November 1 were up 6 percent. These are indications of higher first-quarter production. Turkey prices are expected to decline in 1995 due to higher production, although producers will likely break even due to lower feed costs.

Fourth-quarter 1994 returns are estimated to be the highest since 1986. While returns were positive at the end of 1993, sharply rising feed prices clouded the 1994 outlook. In contrast, feed costs are declining in 1994, and first-quarter 1995 costs are expected to be the lowest since 1987. However, expectations for continued sharp increases in overall meat production in 1995 are dimming prospects for strong returns. In particular, pork production is expected to rise 5 percent next year.

Turkey consumption has shown some signs of recovery in the third quarter with record product movement likely. Exports are also expected to reach a record this year and in 1995. Stocks have remained relatively low, and the stocks-to-use ratio at the beginning of the fourth quarter was the lowest since 1989.

Supplies of eggs for the holidays are anticipated to be the largest since 1989. A larger-than-expected laying flock augurs large production increases. Expanded production has dampened the usual seasonal rise in egg wholesale prices during the fall holidays, and December prices are expected to average 2 cents per dozen below a year ago. For 1995, prices are forecast to average 2 cents lower than this year's average.

Plants that process laying hens have not been bidding aggressively for birds, due partly to increased supplies of competing meats. Since egg production has remained profitable for most producers, they have not searched for less lucrative markets or more costly disposal methods for their cull hens. Instead, as their production flocks have reached the usual culling age, many producers have chosen to molt their flocks, which extends the productive life of layer hens. The large

laying flock is expected to increase egg production in 1995 by about 1 percent, with most of the increase likely to occur during the first half of the year.

Larger catfish supplies will pressure prices. After falling in the first 7 months of 1994, the volume of catfish delivered to processing plants in August and September was higher compared with a year earlier. The increase is the first sign that growers may be expanding production in response to higher prices. Prices have been generally above a year earlier since late 1993. Meanwhile, the quantity of catfish processed during the first 9 months of 1994 was down 5 percent from a year earlier. For the entire year it is expected to remain below 1993's total.

With grower prices at a record-high 80 cents a pound, processor sales have remained below last year. Through September, processor sales totaled 165 million pounds, down 8 percent from a year earlier. Processor prices declined in September and are expected to continue lower due to the larger inventory.

In the four major catfish producing states of Mississippi, Alabama, Arkansas, and Louisiana, stocks on October 1 in all size categories were up considerably from a year ago. Grower estimates of food-size fish held in ponds were 11 percent higher than a year earlier. Stockers and fingerlings were up 35 and 15 percent. The larger inventory indicates increased catfish supplies in the fourth quarter of 1994 and into 1995, which will likely put downward pressure on grower prices by the second quarter of 1995.

Increases in milk production will raise surplus. Growth in 1995 milk production is predicted to outstrip gains in commercial use, pushing down milk prices. However, the surplus is expected to be moderate, and milk prices should still average significantly above support levels.

Recent changes in milk cow numbers point to a substantial increase in milk output in 1995. Milk cow numbers in 1995 are expected to decline only slightly from 1994, and milk per cow will be boosted

by further adoption of bovine somatotropin (bST). About a quarter of the U.S. milk cow herd is expected to be treated with bST by the end of 1995.

Milk cow numbers will still be influenced by structural change in the industry, with expansion in western states expected to continue. Cow numbers in the Midwest have changed little since the beginning of 1994, in sharp contrast to rapid declines during 1993. Reasonably strong milk prices during 1992-94 have encouraged producers who are in a favorable income and debt position to expand operations, and exit of income-stressed producers has slowed. However, lower expected returns in 1995 may lead to more farm exits in the Northeast.

Expanded use of bST is expected to boost milk per cow about 3 percent in 1995, generating a 2-percent increase in milk production. Milk-to-feed price ratios are projected to be moderate, although a generally improved forage situation should have a positive influence on milk output per cow.

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AO



**Holiday
Greetings
and
Good Wishes**

From the staff of
Agricultural Outlook

Specialty Crops Overview

Excellent growing conditions have pushed up yields and output for a number of fruits and vegetables this year, and two crops—apples and potatoes—have hit records. Demand for potatoes is brisk both in the fresh and the processing markets, and is keeping grower prices higher than they would normally be with such a large crop. For other processed vegetables, however, wholesale prices are expected to continue falling through the spring of next year following this year's large harvests. And the ample supplies of apples, pears, citrus, and strawberries are keeping a lid on grower and retail prices this fall and winter.

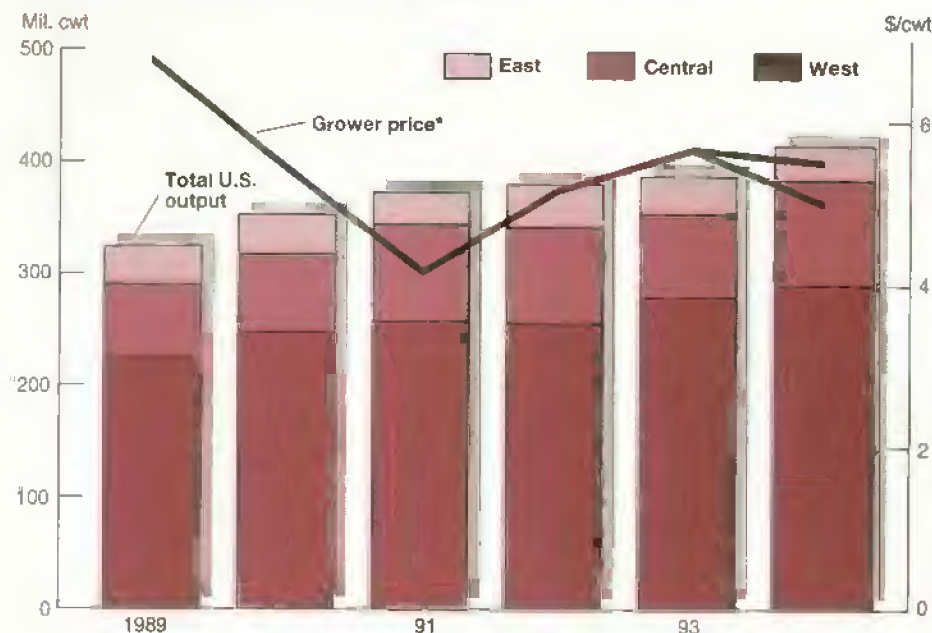
Smaller tobacco output in 1994, along with improved quality, have helped move flue-cured leaf prices above last year's. The market was also boosted by expectations that Federal excise taxes will rise later and by less than originally planned.

This fall's abundant potato crop uprooted last year's record. Fall-season potato production reached 412 million cwt in 1994, and was 7 percent higher than last year's record. Potatoes for the fresh market, freezing, canning, chipping, and dehydrating will be plentiful throughout the winter and spring months. Continued strong potato demand, especially for frozen exports, is keeping grower prices relatively high.

- Output in western states was estimated to be 290 million cwt, up 4 percent from last fall. The Idaho crop, up 6 percent, is at its highest quality in several years. Washington, with another record harvest, reports somewhat rougher quality.
- In the central states, output is up 25 percent at 93 million cwt, and record yields and production were seen in North Dakota and Minnesota. In North Dakota, harvested acreage

Agricultural Economy

Over Two-thirds of the U.S. Fall Potato Crop Is Grown in the West



*1994 season average. ERS forecast price range.

jumped 11 percent from last year's flood-ravaged level. Minnesota's acreage rebounded 22 percent from last year, and higher yields pushed the state's crop near the 1991 record.

- In the East, output slipped 11 percent from last year, as growers continued to battle potato blight and dry weather. Maine's output suffered from drought and dipped 13 percent below last year's low level. In Pennsylvania, blight caused higher acreage abandonment than normal, and production was 18 percent lower.

Dry bean production was nearly a third above last year. Dry bean production was 28.5 million cwt this year, up 31 percent from 1993. The increase was the combined outcome of 14 percent more area and 15 percent better yields. Following two seasons of relatively low production, growers planted 7 percent more area this year. Yields improved in many states, and early planting in the spring and hot, dry weather in late summer helped push harvest well ahead of normal in many states.

In North Dakota, yields are up 60 percent, assuring North Dakota's position as the largest dry bean state. Wyoming, Ne-

braska, and Minnesota also posted significant increases in yield and production from a year ago. In Michigan, however, weather problems lowered dry bean yields, and production dropped 35 percent from last year. Michigan accounted for 28 percent of the U.S. dry bean crop last year, and only 14 percent this year.

Processors purchased nearly a quarter more vegetables this year. Low inventories and higher product prices in 1993 caused processors to contract 14 percent more acreage of tomatoes, sweet corn, snap beans, and green peas this year. Processors purchased 16.5 million tons of vegetables, 24 percent more than last year. Excellent growing weather resulted in record yields and production for processing sweet corn and tomatoes. The increased processed vegetable supply has already begun to put downward pressure on wholesale and retail prices.

- Growers produced a record crop of processing sweet corn this year—3.6 million tons, with contract area up 9 percent and yields up 21 percent. Through the first half of 1994, wholesale prices for canned cut corn averaged 16 percent above a year earlier, but dropped back in the third quarter. Fourth-quarter prices are ex-

pected to average 20 percent below a year ago. Frozen cut corn prices are also expected to average below a year earlier through next summer.

- Manufacturers bought 16 percent more *snap beans for canning and freezing* in 1994. Contracts had called for 9 percent more acreage than last year, and yields were up 7 percent. Ideal weather led to outstanding snap bean yields in Wisconsin, the largest U.S. producer. However, Oregon has the highest yields in the nation, up 19 percent from last year. Supplies are up moderately, so wholesale prices for consumer-sized canned snap beans during the fourth quarter are expected to average 10 percent below a year ago.
- Contract tonnage of *green peas for canning and freezing* jumped 42 percent to 474,490 tons in 1994. Acreage increased 34 percent over 1993's record low. Production in Washington, which accounted for 25 percent of the crop, rose 30 percent, due mostly to increased acreage. Higher supplies of canned and frozen peas will force fourth-quarter prices down 20 percent, and they should remain below a year earlier into next summer.
- Tomato processors purchased a record 11.7 million tons of *canning tomatoes* this year. Processors had contracted for more acreage, and yields were 9 percent higher than the record set in 1992. Better varieties, improved crop management and handling, and the continued shift of acreage to California have increased tomato yields 40 percent since 1980. California now accounts for 92 percent of U.S. acreage.

Tropical storm Gordon damaged fall and winter fresh vegetable supplies.

The storm brought heavy rains and gusty winds to southern and central Florida in mid-November, damaging vegetables nearly ready for harvest. Florida and Mexico are the two largest suppliers of tomatoes, peppers, sweet corn, cucumbers, squash, eggplant, and snap beans in

the U.S. market during late fall, and damage to the Florida crop pushed up prices for cucumbers, peppers, and tomatoes.

Heavy rain in Dade County in southern Florida also damaged vegetables planted for winter-season harvest. Growers will replant these crops where practical, but supply gaps could develop this winter. Some of these gaps may be filled by increased imports from Mexico. Supplies of a number of major fresh vegetable crops will be unaffected by the storm. U.S. shipments of lettuce, broccoli, cauliflower, celery, and carrots come primarily from California during the late fall. And potatoes, onions, and cabbage come from several other states.

Large supplies are putting downward pressure on fresh fruit prices this fall.

While moderate-to-high processor demand for the record apple crop is keeping processing apple prices afloat, fresh apple prices will continue lower than last year and keep apples competitive in the produce section this season. A bumper California strawberry crop is putting downward pressure on fresh-market prices, while strong demand for processing berries is pushing processing prices higher. Large U.S. output of fresh pears is keeping grower prices low this season.

- In October, retail prices for fresh *Red Delicious* apples averaged 15 percent below a year earlier. The seasonal pattern in prices indicates continued lower retail prices through winter and spring.
- A recovery in fresh-market pear prices is not expected, given the 2-billion-pound crop in 1994. Monthly grower prices from January through October 1994 have averaged 42 percent below a year earlier, and are the lowest in six seasons.
- California production of strawberries for fresh and processing use is up 16 percent. Yields are up nearly 25 percent due to excellent growing conditions this fall. Grower prices for fresh-market strawberries averaged 8 percent lower in 1994, while consumer prices were about the same as in 1993. European demand

for U.S. strawberries has been high—compensating for Poland's small crop—boosting prices for processing strawberries.

- For 1994/95, U.S. citrus fruit production is forecast at 15.8 million tons, up 9 percent from last season. The U.S. orange crop, at 11.4 million tons, will yield a 10-percent increase in juice production and a larger supply of fresh oranges. Imports of frozen concentrate orange juice are expected lower this season due to the higher U.S. domestic supply and a lower crop in Brazil.

Lower flue-cured tobacco output in 1994 boosted prices in auction markets.

U.S. tobacco production is estimated at 1.58 billion pounds this year, down 2 percent from 1993. The smaller output along with improved quality helped move flue-cured leaf prices up 1 percent over a year earlier. The market also showed a boost from expectations that Federal excise taxes will rise later and by less than originally planned.

Sales of the 1994 flue-cured crop and 1993 carryover were completed November 3. Growing conditions were good in 1994, and about 100 million pounds of flue-cured tobacco has to be carried over on farms due to insufficient sales quota.

The domestic content requirement for tobacco was recently determined to be inconsistent with U.S. GATT obligations. Implementing legislation for the Uruguay Round contains provisions eliminating the 1993 domestic content requirement, contingent on the President's proclaiming a tariff-rate quota on tobacco. Negotiations are underway with competitor countries to establish permanent quotas.

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AO



Outlook Forum Set for February

USDA's first Agricultural Outlook Forum, replacing the traditional Outlook Conference, will take place February 22-23, 1995. The 1995 Forum, to be held at a Washington, DC area hotel, will offer:

- a longer forecasting horizon, with agriculture and commodity projections through the year 2000
- in-depth discussion of economic issues
- more opportunity for audience interaction

Wednesday, February 22 (opens 1 p.m.)

Top Administration officials and industry leaders discuss agricultural prospects and policy issues for 1995 and beyond

Thursday, February 23

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600 Maryland Ave., SW
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or

FAX request: (202) 426-1784

For more information on the program . . .

call: (202) 720-3050

Agricultural Economy

News Watch . . .

Pacific Summit Trade Accord

The U.S. and 17 other Pacific Basin countries, at an informal summit in November, pledged to dismantle all barriers to each other's goods and investment by 2020. The trade agreement reached by the 18-nation Asia-Pacific Economic Cooperation forum (APEC) has enormous implications for increased trade and economic growth, although it does not commit members to a specific plan. Details of this ambitious trade liberalization await further negotiations.

For agricultural commodities, Asia emerged as the world's fastest growing regional market during the 1980's (AO August 1993). Asia has also become the largest regional market for U.S. agricultural exports, and strong growth in Asian demand for major U.S. agricultural products is projected to continue through the 1990's. The relatively strong performance of Asia's varied economies, and the expansion of their middle classes, have been key factors driving gains in Asia's share of global farm imports and U.S. farm exports, and will continue driving growth in global trade.

Veg-oil for Printing Books

A new ink—containing over 50 percent vegetable oil—has been developed by scientists at USDA's Agricultural Research Service (ARS) for use in book publishing. Previously, only a 20-percent portion of vegetable oil could be blended into petroleum-based ink to maintain book printing quality. ARS is currently filing an application for a patent on its new veg-oil ink formula.

A Federal law requiring government printers to use vegetable-based inks has recently enhanced commercial use of veg-oil inks. These inks, along with biodiesel fuel, plastics, lubricants and paints, are among the new industrial uses of U.S. oilseed crops. The commercialization of farm-based industrial products is aimed at providing more environmentally sound products for consumers, and has the potential to increase market demand for crops and other agricultural commodities (AO June 1993).

First Official Emu Census

As many as 500,000 emus are raised in the U.S. today by approximately 10,000 enterprises, according to the first official census of this flightless bird. Products from the emu include low-fat meat, leather, and feathers, and emu oil is used in cosmetics and in arthritis and burn medicines. The new count of emu numbers and farms is substantially higher than previous estimates.

Entering the emu business entails several unique risks associated with raising exotic animals (AO June 1994). The risks involve the timing of entry into this relatively new industry. Emu farmers earn more from selling birds primarily for breeding rather than for slaughter. But if the industry's breeder phase is almost over, financial losses may occur when revenue must come from the sale of birds for slaughter. Another risk is that demand for emu products will not be known until substantial numbers of birds are sold for slaughter.

Methyl Bromide—No Substitute?

Researchers from around the world, meeting to discuss potential substitutes for the pesticide methyl bromide, concluded that no single alternative would replace the pesticide. Participants of the international conference, including USDA scientists and economists, indicated that irradiation could help for post-harvest uses, and changes in farming practices or use of plant hormones could help for farm uses.

Methyl bromide is the most widely used chemical for fumigating fruit and vegetable soils in the U.S., and is a required treatment for many fruit imports. However, the Environmental Protection Agency has labeled methyl bromide as an ozone-depleting substance, and has mandated phase-out of its use in the U.S. by the year 2001.

USDA estimates that U.S. producers and consumers would lose approximately \$1.3-\$1.5 billion annually when agricultural uses of methyl bromide are banned (AO July 1993). With effective alternatives to methyl bromide unavailable for many uses, production of some crops could decline or move to other countries. Consumers could face reduced supplies and higher prices for tomatoes, strawberries, grapes, and other crops.

EU Expands to 15 Members

Beginning in January 1995, the European Union (EU) will add Austria, Finland, and Sweden to its roster, and expand from 12 to 15 members. Unlike the entry of Spain and Portugal in 1986, which threatened the U.S. grain market share, the addition of these three countries is not expected to affect U.S. trade significantly—although several niche markets will face increased competition (AO March 1994).

Swedes voted to enter the EU, and Norwegians rejected membership, in November. While voters in rural areas in both countries voted overwhelmingly against membership, widespread support in major population centers overcame opposition in Sweden. Voters in Finland opted for membership in an October referendum, and Austrian voters endorsed membership in June. **AO**

Commodity Spotlight



California Citrus World

Orange Juice Industry—Challenges In the 1990's

Increased supplies of Florida orange juice are putting downward pressure on grower prices, pushing down retail prices, and boosting U.S. consumption. The prospect of even higher orange juice production this decade is challenging U.S. orange growers, processors, and marketers to expand both domestic and export markets.

Also affecting the industry will be trade liberalization. The recently completed GATT Uruguay Round, if approved by all member countries, is expected to lower trade barriers and increase world trade in orange juice.

As a result of recent higher acreage and yields, and favorable weather, Florida's orange crop in 1994/95 (October-September) is expected to climb to a near-record 196 million 90-lb. boxes, up 13 percent from last year and second only to the record 207 million boxes in 1979/80.

Favorable grower prices during the late 1980's encouraged significant new tree plantings in Florida, mostly located farther south to reduce the chance of freeze damage. Yields are expected to continue rising as the young trees mature, further boosting orange juice production over the next several years. According to analysis by the Florida Department of Citrus (FDOC), output could rise substantially—to an estimated 1.5 billion gallons (single-strength equivalent) in 10 years (compared with 1.1 billion gallons in 1993/94)—given higher tree numbers, expected yields, and normal tree losses and plantings.

As of January 1994, when Florida's latest citrus inventory was taken, Florida orange area was 653,000 acres, up 7 percent from 1992. Bearing acreage totaled 510,000 acres, up from 444,421 acres, accounting for 78 percent of the total. Tree numbers increased even more—by 12 percent—due to more trees planted per acre in new plantings. Orange trees totaled 81.6 million as of January 1994.

U.S. orange juice production is centered in Florida, where oranges are grown specifically for processing. Florida produces about 90 percent of U.S. oranges

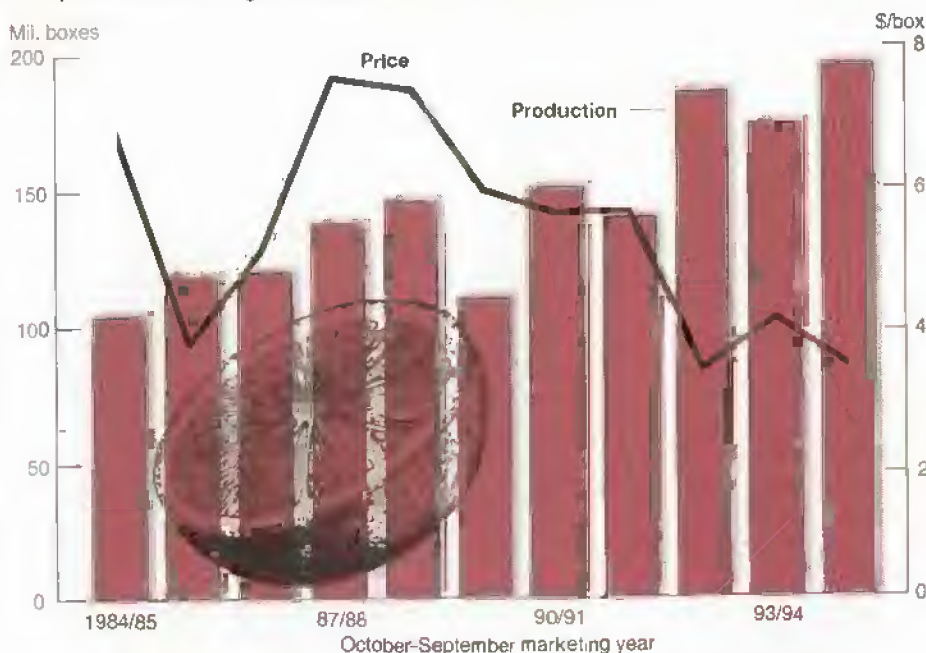
used for processing. Usually, about 93 percent of the state's crop is processed. By contrast, California, Arizona, and Texas, where oranges are grown primarily for the fresh market, together account for less than 10 percent of U.S. juice production.

The U.S., a net importer of orange juice, relied heavily on imports during the 1980's, when several major freezes hit Florida and greatly reduced U.S. juice output. Imports made up about 45 percent of U.S. orange juice consumption during the mid-1980's, but have since dropped to around one-fifth.

Higher output this year will likely lead to relatively low grower prices for processing oranges in 1994/95. One indication is the price of near-term orange juice futures contracts, which are sold on the New York Cotton Exchange.

In anticipation of a large U.S. crop, futures prices declined to \$0.83-\$1 per pound solids from May 1994 to early October—down from \$1-\$1.10 earlier in the year. Since mid-October, with a smaller Brazilian orange crop expected, futures prices strengthened, but were still below the \$1.50-\$2 range reached in the

Bumper Florida Orange Crop Pushes Down Grower Prices



1994/95 forecast 90-pound boxes.

Commodity Spotlight

Imports of Orange Juice from Mexico Are Up

A reduced tariff for Mexico under NAFTA has likely boosted its sales of orange juice to the U.S. this year. From January through September 1994, the U.S. took 38.5 million gallons, single-strength equivalent (mostly frozen concentrate). This is up considerably from the unusually low levels in 1992 and 1993, but similar to the amounts imported during 1986-91. Through August 1994, Mexican juice accounted for about 15 percent of all U.S. orange juice imports, several percentage points higher than the prior 5-year average, with nearly all the rest coming from Brazil.

Under NAFTA, Mexico is allowed a yearly quota of 40 million gallons, at a tariff of 17.5 cents per single-strength gallon. This is one-half the rate for other countries with most-favored-nation (MFN) status, including Brazil. The tariff on imports above the quota amount (34.1 cents per gallon in 1994) will be reduced 15 percent by 1999 (to 29.75 cents per gallon), and kept the same for the next 4 years; tariffs on all orange juice imports from Mexico are to be lowered to zero by 2008.

Tariffs return to the MFN rate if two conditions occur: annual imports exceed 70 million gallons (90 million gallons during 2002-07), and the near-term futures contract price falls below a trigger price for 5 consecutive days. The trigger price is the average of the previous 5 years for that month. Since NAFTA's implementation on January 1, 1994, the near-term futures contract price has been substantially below the trigger price, but at least through August, imports had not exceeded 70 million gallons.

Mexico's annual orange juice production has averaged 43 million gallons over the last 5 years, and it is expected to increase as the lower tariffs afford greater access to the U.S. market.

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late 1980's. Over the next few years, grower prices are expected to decline because of higher forecast U.S. and Brazilian production.

Lower Prices Spur Juice Consumption

Domestic demand will be key in determining grower prices in the years ahead. Orange juice consumption was about 5 gallons per person annually during most of the 1980's, but declined during 1988/89-1991/92 as supplies tightened and retail prices surged. However, beginning with the 1992/93 season, larger U.S. production and ample supplies of Brazilian juice pushed down prices, spurring consumption.

In addition to lower prices, other factors could spur growth in consumer demand for juice and firm up grower prices. For

instance, demand might also increase as a result of higher incomes, population growth, and lower prices for orange juice relative to other juices. This is probably what happened in 1992/93 and 1993/94, when imports increased.

Whether the U.S. remains a net importer of orange juice will depend largely on how fast consumption grows. According to FDOC predictions based on tree numbers and expected yields, U.S. production would about equal consumption by 1996/97, if growth in domestic consumption slows to an average of 2 percent per year, 1 percent higher than population growth. In recent years, consumption growth has been around 2.5 percent a year.

Analysis by USDA's Economic Research Service suggests that if annual growth in consumption is 3 percent or more, the U.S. could remain a net im-

porter of orange juice for at least the next decade. But even if yearly consumption growth is below 3 percent, the U.S. could remain a net juice importer, because of slower expansion in production due to lower prices. In order for the U.S. to become a net exporter, U.S. juice prices would have to fall substantially to the level of Brazilian juice.

Brazil Leads World Orange Juice Trade

As the world's leading producer, Brazil dominates the global orange juice market, accounting for about three-fourths of world exports. The U.S., although currently a net importer of orange juice, is the second-largest producer and exporter. Various other countries produce and export smaller amounts, including Israel, Italy, Mexico, Morocco, Spain, South Africa, and Turkey.

Brazil exports almost its entire annual output, which is estimated at 1.5 billion gallons in the 1994/95 marketing year (July-June). Brazil has recently sent roughly 50-60 percent of its juice production to Europe, 20-30 percent to the U.S., and 8-10 percent to Japan and Korea.

In comparison, in 1993/94 (December-November) the U.S. produced 1.1 billion gallons, exported an estimated 105 million gallons, and imported 380 million. Brazil supplied 90 percent of U.S. imports, and Mexico most of the rest. U.S. exports—about 10 percent of production in 1993/94—went mainly to Canada, France, Japan, Korea, and the Netherlands.

Large European importers, such as Germany and the Netherlands, rely chiefly on Brazilian orange juice, but also buy from other suppliers, including the U.S., South Africa, and Mediterranean countries such as Italy and Spain. Belgium and the United Kingdom are also sizable orange juice importers, while Sweden, Austria, and Switzerland import smaller amounts. After Europe and the U.S., the next largest import markets are Canada, Japan, and Korea, together taking more than 15 percent of estimated world orange juice imports.

Commodity Spotlight

GATT To Raise Global Trade, Consumption

In addition to higher expected production, a major challenge facing the U.S. orange juice industry in the 1990's is global trade liberalization. The recently completed Uruguay Round, not yet approved by all GATT signatory countries, is expected to lower trade barriers and increase world trade and consumption of orange juice.

If the U.S. remains a net importer, U.S. orange juice prices should decline as the relatively high U.S. tariff of 35 cents per gallon is lowered over a 6-year period. Under the Uruguay Round agreement, during this time the U.S. and Japan are to reduce orange juice tariffs by 15 percent, and Europe is to lower them by 20 percent. Korea is to eliminate its orange juice import quotas by 1997, but will apply a 60-percent duty. Until 1997, duties will be applied at the rate of 50 percent.

Global trade liberalization, by reducing or removing tariffs, will reduce protection for the U.S. industry. At the same time, however, it will expand opportunities for U.S. orange juice sales abroad.

Orange Juice As Health Food

With abundant supplies forecast in the years ahead, the Florida Department of Citrus, a state agency primarily funded by growers, hopes to boost U.S. orange juice sales by encouraging consumers to drink the beverage regularly as part of a healthy lifestyle. According to market research, about 43 percent of consumers keep orange juice in their refrigerators, but only about 23 percent drink it on any given day.

Orange juice is part of the fast-growing nonalcoholic beverage market, and has been facing increased competition from other juices, soft drinks, bottled water, and a variety of other beverages. And the recent popularity and proliferation of juice drinks has increased the competition even further.

The FDOC is sponsoring new media advertisements promoting the benefits of drinking pure (100-percent) orange juice at any occasion. The ads present orange juice as a product that fits into a healthy lifestyle, is nutritious, and tastes good. The FDOC is also promoting the use of orange juice as a sugar substitute and flavor enhancer in meals prepared at home; broccoli steamed in orange juice is among the new recipes.

Medical research substantiates the claims of health and nutritional benefits from orange juice. Orange juice is high in Vitamin C and fiber, as well as folate, which can reduce the risk of birth defects. Orange juice also contains antioxidants, which can reduce the risks of cancer and heart disease. If retail prices decline as expected during the rest of the 1990's, proclaiming the product's value—a relatively low price for high nutritional or energy content—could become another marketing approach.

Historically, U.S. orange juice exports have been small because of relatively low prices outside the protected U.S. market. In the world market, U.S. bulk, concentrate orange juice must compete with low-priced Brazilian concentrate. However, Florida's real advantage may lie in not-from-concentrate (NFC) orange juice, especially in Europe, where demand is growing. Florida juice processors are starting to take advantage of this premium-priced market.

Consumer demand for 100-percent orange juice is apparently growing faster than demand for juice drinks, which also bodes well for U.S. orange juice exports, particularly to Europe. In addition, "Florida orange juice" has a favorable image among overseas consumers, while juice from Brazil has little name recognition.

With per capita orange juice consumption relatively low in foreign countries compared with the U.S., demand abroad is expected to grow in Europe and Asia, especially in Japan. Larger world orange juice supplies could help meet demand, and growth in foreign demand would likely limit expected price declines associated with increased juice output. [Dennis Shields (202) 501-7702 and Boyd Buxton (202) 219-0885] **AO**

World Agriculture & Trade

**Rebuilding The Ag Sector In Haiti**

Prospects for political stability in Haiti, the lifting of international trade embargoes, and the infusion of foreign assistance hold new promise for raising productivity in this country's large—and ailing—agricultural sector. However, Haiti's land and water resources, which have been severely stressed for generations, continue to deteriorate. The task of building up farm productivity is likely to be monumental.

Consisting mostly of tiny plots perched on steep mountainsides, Haiti's farm sector employs most of the country's labor force. Small farms, under 5 hectares, account for about 95 percent of all farms, and for about 75 percent of total land under cultivation. Productivity on these farms is low and has generally been declining for several decades. However, Haiti does have a history of peasant cooperatives that have enabled members to mobilize resources and share risk. These were repressed by the former regime. To the extent that such cooperatives can be re-established, they could assist the rehabilitation of Haitian agricultural production.

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One of the most prominent problems for Haitian agriculture has been the absence of functional land ownership and judicial systems. Few farmers have been able to obtain title to their land, and those who do hold title could not count on Haiti's judicial system to protect their land rights. They are also trapped on the land because legally they are unable to sell it or use it for collateral to finance farm and nonfarm investments, but they can distribute it to children.

Haiti has the worst deforestation and soil erosion problems in Latin America, according to the World Bank. Little remains of the forest land which once largely covered Haiti. Most of it has been cut for cooking fuel and to make small farm plots. Supplies of kerosene became particularly scarce when the United Nations tightened trade restrictions earlier this year, and some farmers resorted to cutting down coffee and mango trees, as well as the young trees on reforested plots, to use as cooking fuel.

The repressive political and economic environment which has persisted in Haiti for decades has severely limited agricultural, industrial, and infrastructure development. Haiti's succession of corrupt rulers has limited investment, because in an unstable political situation, the potential risks of large financial losses have been too great to commit capital to development projects.

The Short Run— Food Aid Is Critical

Nonprofit relief agencies that operated in Haiti during the embargo were feeding about 1 million people daily—nearly 15 percent of the total population—and they estimated that as many as 1 million more might need assistance. With the 1991 trade embargo lifted, the next step is for foreign aid donors to provide adequate food and nutrition for all Haitians so that they have the energy to rebuild agriculture and other sectors of the economy.

USDA's Economic Research Service estimates that Haiti will need a minimum of 50,000 metric tons of cereal grain

"equivalents" per month for the next 6 months from foreign food aid sources, just to restore the average per capita consumption level of the 1980's. During the 1980's, Haiti was consuming about 700,000 tons annually of cereal grains—rice, corn, sorghum, and wheat—along with beans, tubers, and other basic foods. Haiti produced about 300-400,000 tons of cereals annually, and imported another 300-400,000 tons, mostly through U.S. food aid shipments. The 1980's food supply level is equivalent to only 85 kilos per capita per year—well below the average cereal consumption rate in the Western Hemisphere.

Additional monthly imports may also be needed over the next few months to offset shortfalls in domestic food supplies which occurred while the 1991 international embargo was in place. Further imports would be needed to raise nutrition levels above the average for the 1980's.

Recent estimates by the World Bank indicate that Haiti will need \$550 million this year in foreign assistance. The Clinton Administration has pledged \$200 million in aid this year, and the European Union has committed \$160 million over the next 15 months. The World Bank and the Inter-American Development Bank are also unfreezing several million dollars of loans previously approved for Haiti.

Haiti, like many Caribbean countries, has limited areas suitable for crop production. Parts of Haiti are wet and humid, while others are semi-arid—suitable for cultivation only with irrigation. Arable land accounts for about 20 percent of Haiti's land area, perennial crops occupy another 13 percent, and about 18 percent is pastureland.

Crops, rather than livestock, account for 85 percent of Haiti's agricultural output and diet. According to Haiti's last formal estimates, rice accounted for 14 percent of total agricultural output in the mid-1980's, and other major crops included coffee (11 percent), sweet potatoes (10 percent), beans (10 percent), bananas (8 percent), and other tubers (7 percent). Mangoes, sugarcane, corn, and citrus (oranges and grapefruit) each ac-

counted for about 4 to 5 percent of total production. Wheat, a primary component of the Haitian diet, will not grow in Haiti's climate and must be imported as grain or flour, but rice grows well.

Haiti's livestock sector is limited, and most animal products are consumed on the farm. The World Bank estimated that Haiti produced 50,000 tons of milk, 36,000 tons of beef, 12,000 tons of pork, and 9,000 tons of chicken in 1991. Surpluses, if any, are usually taken to farmers' markets in urban areas. Limited imports of animal products, primarily from the U.S., have traditionally been used to supplement urban middle class diets when foreign exchange is available.

Haiti has two main cropping seasons, and the harvest period for the second season ends in December. According to the U.S. Agency for International Development, second-season production of grains, fruit, and tubers in 1994 is expected to be slightly below normal but ahead of last year's production.

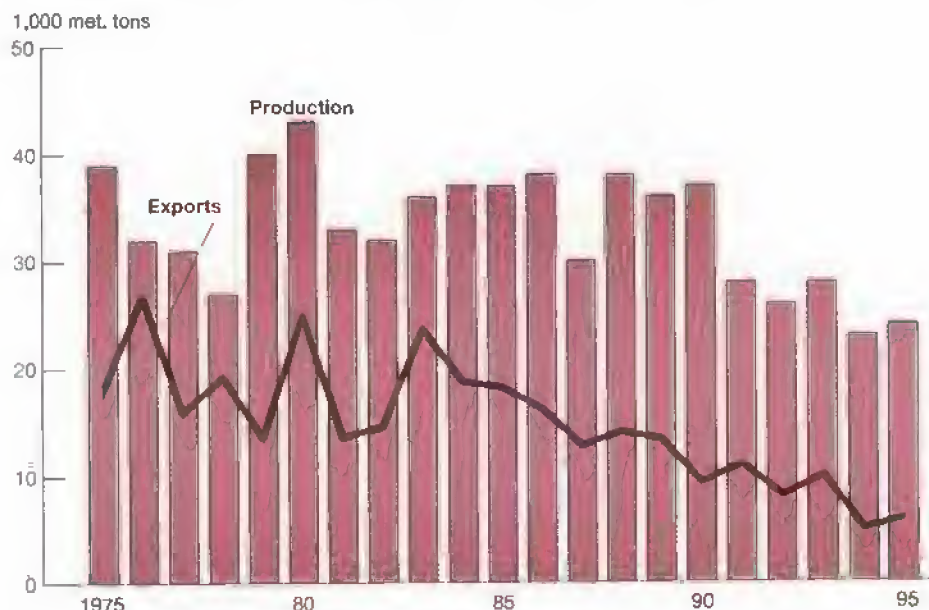
The Long Run— Raising Productivity

Commercial livestock production and marketings in Haiti have been declining for more than a decade, according to World Bank estimates, and crop production has likely been declining as well. The restrictions on imports of fuel and machinery which began with the embargo have also diminished Haiti's ability to sustain production and marketings of irrigated rice and other domestic food crops.

With the lifting of the trade embargo and the infusion of foreign aid late in 1994, inputs such as seed, fuel, and fertilizer are expected to become available to help raise productivity of Haitian crops. For example, rice—the primary food grain produced in Haiti—is grown on some of the most productive soils, and shows the most promise when water and other inputs are available. And the farmer cooperatives that can facilitate input purchases and marketing, which were developing before 1991, will likely start up again with President Aristide back in power.

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Haiti's Coffee Exports Have Trended Downward



1993-95 ERS estimates.

Source: U.N. Food and Agriculture Organization.

Unlike in Mexico and most other Latin American countries, the same small farmers that produce crops for domestic consumption also produce for the export market in Haiti. Coffee and mangoes are Haiti's primary agricultural exports, and small amounts of cocoa, sisal, essential oils, and cotton are sometimes grown for export. Sugar, once a primary cash and export crop, is no longer a significant component of Haiti's agriculture. Sugar production has declined from about 55,000 metric tons in 1979/80 to 30,000 metric tons or less in 1993/94. New imports, which exceeded 80,000 metric tons in 1992, will be down to 40,000 or less in 1994.

Coffee production in Haiti has fallen steadily from a peak of nearly 750,000 60-kg bags over three decades ago to only 400,000 bags forecast for 1994/95. Domestic coffee consumption has risen during this period, and exports have shown a steady decline.

Coffee exports have traditionally provided the largest single source of government revenue through an excise export tax, which averaged 28 percent during 1965-84. A recent University of Connecticut study found that government taxation was the most important factor in reducing coffee production and exports during this period. The study indicated that lump-sum or license-based tax schemes could reduce tax-related distortions while maintaining government revenues.

Mango production has become Haiti's primary export agricultural growth industry. Haitian mango exports to the U.S. increased from about 4,500 metric tons in the early 1980's to a peak of almost 13,600 metric tons in 1991, and Haiti was the second-largest U.S. supplier after Mexico prior to the embargo. Mango exports to the U.S. fell to only 277

metric tons in 1992 after the trade embargo was imposed in late 1991. The U.S. exempted mangoes in late 1992, and U.S. mango imports rose to 8,365 metric tons in 1993, but the embargo was reimposed early in 1994.

Unlike sugar, mangoes are among the crops that enjoy duty- and quota-free access to U.S. markets under the 1983 Caribbean Basin Initiative (CBI). This act, as amended, in 1990, now offers 28 Caribbean and Central American countries duty-free access for most crops (including fruits and vegetables) indefinitely. Tropical products including mangoes are among the fastest growing agricultural imports of the U.S., and Haiti may be competitive with other tropical producers for these fast-growing niche markets. The new government in Haiti has requested that special trade concessions also be made for a few other commodities not covered by the CBI.

Would the environment be further damaged by expanded production of mangoes, coffee, and other tropical products? Not necessarily, because many of Haiti's tropical products, including mangoes and coffee, are perennial tree crops that may prevent soil erosion more effectively than other annual food crops.

As the Haitian people attempt to rebuild their economy, including the still-dominant agricultural sector, they will need to rely on their own initiative and set their own timetable. But international support will be required, especially in the short term, as Haiti—the poorest country in Latin America—attempts to overcome generations of political and economic repression.

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World Agriculture & Trade



U.S. & Mexico— Early Gains From NAFTA

In the nearly 11 months since implementation of the North American Free Trade Agreement (NAFTA), agricultural trade between the U.S. and Mexico has increased from the previous year. By the end of NAFTA's 15-year transition period, annual U.S. farm exports are expected to be higher and farm cash receipts greater than without the trade agreement.

In effect since January 1994, NAFTA is intended to benefit the economies of all three signatories. For Mexico, the primary benefits will be expanded trade opportunities and greater access to foreign capital. Foreign investment is vitally needed for modernization and infrastructure development. Without the inflows of foreign capital, Mexico's long-term economic growth, and hence job creation, would be limited.

NAFTA will eventually eliminate most trade barriers between Mexico, Canada, and the U.S. Because the bilateral U.S.-Canada Free Trade Agreement had al-

ready been implemented in 1989, the more significant U.S. trade expansion under NAFTA will be with Mexico, already U.S. agriculture's third-largest single-country market. Given the relative sizes of the Mexican and U.S. economies, this liberalization of trade between them will have a larger impact on Mexico than on the U.S.

Mexican Economy Growing This Year

Since January 1994, the Mexican economy has been recovering from 2 years of recession. Inflation-adjusted gross domestic product, which had averaged 4 percent annual growth from 1989 to 1991, grew 2.8 percent in 1992 but showed almost no growth in 1993.

In the first quarter of 1994, Mexico's gross domestic product rose at a slow 0.5-percent annual rate. But growth accelerated in the second quarter, reaching 3.8 percent, led by greater exports of manufactured goods, increased investment, and above-average agricultural performance.

The agricultural sector grew faster, at an annual rate exceeding 5 percent in the first half of 1994, due primarily to large spring harvests of corn, wheat, sorghum, and cotton crops that had been planted the previous fall. Livestock production, primarily beef and poultry, also showed strong growth in the first half of 1994.

In the second half of 1994, the Mexican economy is projected to grow at an even faster rate, due to increased public expenditures and expanding NAFTA-related foreign investment. Growth is expected to be 2.3 percent for the year.

In 1995, the first year of Mexico's new administration, the economy is forecast to expand 3.5 percent. For the 1996-98 period, annual growth is forecast to average 5.3 percent, up from around 2.1 percent during the previous 3-year period. Projections for Mexico's economic growth are based on November 1994 forecasts and on Mexico's national economic development plan. This plan provides for a continuation of current monetary and fiscal policies, as well as

existing exchange rate policy to promote growth and contain inflation.

Foreign investment, critical to Mexico's long-term economic development, reached US\$4.1 billion during the first 6 months of 1994, up 143 percent from a year earlier. About half went into manufacturing, about one-third into services, and nearly 10 percent was invested in construction. The Mexican government forecasts total 1994 foreign direct investment to exceed US\$6 billion.

However, these positive economic factors have yet to generate significant job growth, with the number of employed workers growing just 0.7 percent in the first half of 1994. Mexico's National Manufacturing Industry Chamber projects that about 220,000 new jobs will be created in manufacturing during 1994, far short of the estimated 800,000 young people entering Mexico's job market annually.

To promote faster economic growth, the government of Mexico is devaluing the peso against the dollar. This devaluation has boosted exports, especially to the U.S. Mexico's total merchandise exports rose 17 percent in the first 8 months of 1994 from a year earlier, with exports to the U.S. up more than 24 percent.

However, Mexico's imports are rising even faster than its exports, with imported goods up 20 percent in the first 8 months from a year earlier. As a result, Mexico's merchandise trade deficit is widening. Mexico is expected to show an increasing trade deficit from 1994 to 1997, linked partly to stronger economic growth, which typically causes imports to grow faster than exports. Mexico's exports are expected to pick up later, due to stronger U.S. demand, greater efficiency in Mexico's export industries, and the NAFTA tariff reductions.

Reforms Are Vital to Mexico's Growth

The Mexican economy's performance in the short term will be heavily influenced both by political developments and the extent of ongoing economic reforms. Since 1987, under the framework of

three different economic plans, the Mexican government has attempted to make the economy more open, reduce government ownership, and attract foreign investment.

Ernesto Zedillo, the candidate of the Institutional Revolutionary Party (PRI), succeeds Carlos Salinas as president of Mexico on December 1 and is expected to continue Salinas' policies of opening Mexico's economy. Mexico's current economic plan, the *Pact for Economic Welfare, Stability, and Growth*, was renewed in late September to ensure that Mexico's political transition occurs in an economically stable environment. The plan, like its forerunners, calls for promoting trade, containing inflation, privatizing public enterprises, and gradual devaluation of the peso against the dollar.

The orderly democratic transfer of power in the recent elections has created a favorable environment for implementation of growth-oriented policies. Less overall uncertainty and more stable financial markets will likely encourage greater capital inflows, which will lower domestic interest rates.

An important program developed during the first part of 1994, a direct result of NAFTA, was the establishment by the U.S., Canada, and Mexico of a permanent \$8.8-billion foreign exchange fund to preserve currency stability. Under the agreement, any central bank from a member country can draw on the fund to counter sharp moves in currency values.

The arrangement has benefited Mexico because the *peso*, which is currently overvalued, has been facing strong speculative pressure. It is expected that although the government of Mexico will use fiscal policy in the short term to stimulate growth and meet vital social needs, relatively strong economic growth will limit the amount of money the government needs to borrow.

Mexico has also been active in the process of regional trade integration. Mexico signed a free trade agreement with Chile in 1991, and has also signed free trade treaties with Costa Rica (April 1994), with Colombia and Venezuela (June 1994), and with Bolivia (September 1994). In May 1994, Mexico joined the Organization for Economic Cooperation and Development (OECD), becoming the first new member in over 20 years.

Ag Reforms Are Proceeding

Mexico is continuing to implement its agricultural policy reform, known as PROCAMPO, which began in October 1993 and is designed to benefit 3.3 million of the nation's 5.3 million farmers. The primary objectives of PROCAMPO are to reduce the level of subsidies to commercial producers (who account for 56 percent of total land under cultivation), to increase the incomes of about 2.5 million subsistence farmers, and to ensure that domestic grain prices fall to international levels over the next 15 years.

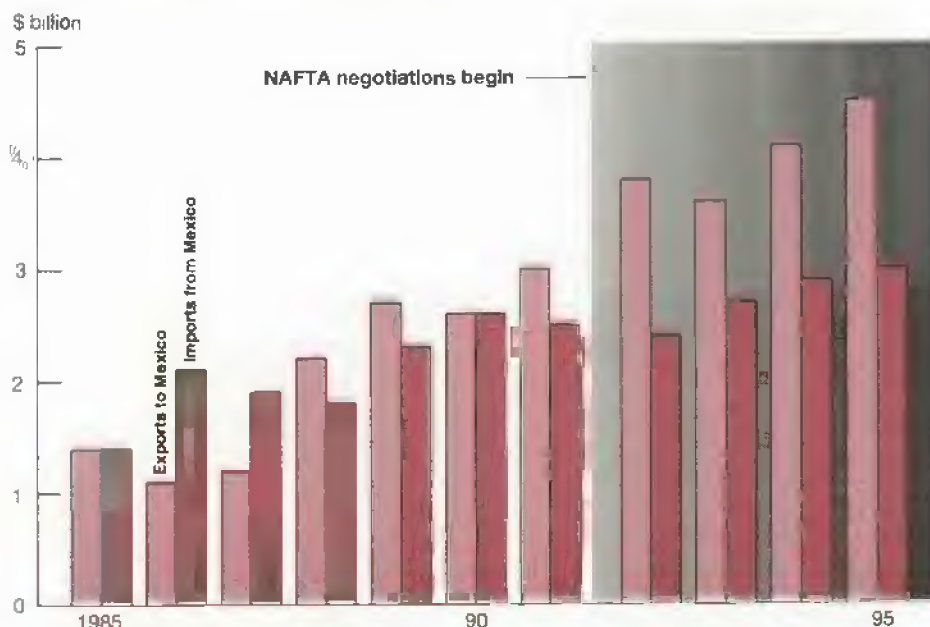
The PROCAMPO reforms were initiated to streamline the implementation of NAFTA. Under PROCAMPO, the government provides direct subsidies to producers, eliminating the artificially high support prices for basic grains and oilseeds. The PROCAMPO program began with a budget of US\$3.5 billion for 1994, representing a 67-percent increase over last year's total subsidy of US\$2.1 billion to agriculture.

Since implementation of the program in 1994, additional reforms have been announced. In February, the government added US\$5.3 billion to the original agricultural budget to cover additional expenses under PROCAMPO and the land title allocation process for certifying land ownership.

As the government had announced, 1994 has been a transitory phase for PROCAMPO, but it is already resulting in some changes. Cropping patterns that had reflected favorable treatment of corn and beans, especially in the northeast, are being altered, albeit at a slower pace than intended.

In June, the government announced that up to 50 percent of future PROCAMPO payments received by producers could be used as collateral for 90-day credit to purchase inputs (seeds, fertilizers, pesticides, and technical assistance), or to finance production activities and/or marketing of eligible crops. During the first

U.S. Ag Trade with Mexico Is Expanding



1994 and 1995 forecasts.

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NAFTA Addresses Environmental Quality

NAFTA is the first substantial trade agreement to address seriously the connections between environmental quality and economic development. The agreement dealt with the major U.S. concern—that domestic environmental laws would be threatened—as well as other issues, such as those relating to the increase in investment and population along the U.S.-Mexican border due to NAFTA. Side agreements to NAFTA created two agencies—a Border Environment Cooperation Commission and a North American Development Bank—to implement the environmental provisions, focused primarily on water and sanitation problems. These new institutions provide vehicles for both governments to work toward resolving the serious environmental problems that exist along their border.

Initially, attention will focus on the most serious public health and environmental needs in the border region: providing clean drinking water, treating wastewater, and managing hazardous waste. Problems outside the border region may also be addressed under the agreement in cases which affect the border area.

The Border Environment Cooperation Commission will work with affected state and local governments and with the public to develop and coordinate solutions to environmental problems within 50 kilometers of either side of the border. It will provide environmental, technical, and financial expertise to projects, but will not itself develop or manage projects.

The North American Development Bank will finance ecological projects certified by the Border Environment Cooperation Commission. It will be governed and financed by both governments and will make available \$2-\$3 billion in loans and guarantees. The bank will also supplement existing sources of funding and support governments and investors in raising capital. Altogether, an estimated \$7-\$8 billion in financing will be available over the next decade for environmental projects along the U.S.-Mexican border.

half of 1994, over 213,000 producers received credit using PROCAMPO payments as collateral, representing over US\$72 million.

U.S. Boosts Exports to Mexico...

Although less than 1 year old, NAFTA has already had a positive impact on the U.S. farm sector. During the first 8 months of 1994, U.S. agricultural exports to Mexico totaled \$2.9 billion, up 13 percent from a year earlier. USDA's Economic Monitoring Taskforce estimates U.S. agricultural exports to Mexico will reach \$4 billion by the end of the year, an 11-percent annual increase. Total U.S. exports to Mexico during the first 8 months of 1994 were \$33.1 billion, 20 percent higher than a year earlier.

As part of NAFTA, Mexico established tariff-rate quotas for imports of U.S. corn, barley/malt, dry beans, milk powder, poultry meat, fresh potatoes, fresh and fertilized eggs, and animal fats and oils—the bulk of U.S. agricultural trade with Mexico. Under this tariff-rate quota, Mexico can import up to a certain quantity of these products at a zero tariff. Beyond that level, higher tariffs are applied. Previously, Mexico had limited imports of these commodities by a combination of tariffs and licenses.

Several U.S. agricultural commodities have shown significant increases in shipments to Mexico since implementation of NAFTA. Most important have been fresh and processed fruits, sugar and related products, animals and animal products, grains and feeds, and oilseed products.

In 1991, Mexico removed its import licensing requirement for fresh apples, more than tripling the quantity it previously imported from the U.S. annually. U.S. apple exports continue to grow under NAFTA, which reduced Mexico's tariff on fresh apple imports from 20 to 18 percent for imports up to 55,000 metric tons. During the first 8 months of 1994, Mexico imported 147,000 tons of fresh apples from the U.S., 36 percent more than the total quantity purchased from the U.S. during all of 1993.

Mexico's tariff on pears was lowered from 15 to 12 percent under NAFTA, and U.S. pear exports to Mexico rose 81 percent in the first 8 months of 1994. U.S. exports of sugar and related products during the first 8 months were up 45 percent from a year earlier.

Reacting to sharply lower tariff rates and improving economic conditions in Mexico, U.S. exports of animals and animal products to Mexico increased in both value and volume during the first 8 months of 1994. Exports of beef were up 73 percent in value from a year earlier, and exports of pork and poultry have shown growth in quantity and value. In contrast, exports of dairy products to Mexico have lagged last year's level.

The value of U.S. grain and feed exports during the first 8 months of 1994 were up 17 percent from a year earlier, while oilseeds and products were up 12 percent. U.S. corn exports to Mexico were up 697 percent from a year earlier. However, this compares with the low level in 1993 when the Mexican corn crop was particularly large and Mexico was drawing down its large corn stocks in anticipation of NAFTA.

U.S. wheat exports to Mexico have shown little growth in 1994, primarily due to prospects of higher production in Mexico. U.S. rice exports to Mexico through August were up about 8 percent from a year earlier.

By September 1994, Mexico's Department of Commerce and Industrial Development—SECOFI—had allocated 90 percent of the 2.5 million metric tons of NAFTA duty-free U.S. corn for 1994 to several Mexican industries, including

feed manufacturers, livestock and poultry producers, starch manufacturers, the cereal industry, and corn flour millers. Recipients of the rights to import under the NAFTA duty-free quota are allowed access to U.S. corn without any price markup.

Recently, it appears that Mexico has increased the quantity of imports that can enter under the NAFTA duty-free quotas. To date, increases have been made for poultry meat, barley/malt, and animal fats and oils imported from the U.S.

NAFTA contains an agricultural safeguard provision, which can be triggered by a member country when imports of a particular commodity reach a certain volume. When this occurs, tariffs are increased from the NAFTA preferential rate to the most-favored-nation rate. On June 13, Mexico's agricultural safeguard was triggered for apple imports from the U.S.

And in July, Mexico triggered the NAFTA special safeguards for other agricultural commodities imported from the U.S. and Canada. U.S. exports covered by this notification include certain ham and pork cuts; fresh and frozen potatoes; and extracts, essences, or concentrates of coffee.

Over time, the impacts of NAFTA are expected to increase. The taskforce estimates that by the end of NAFTA's 15-year transition period, annual U.S. agricultural exports to Mexico will likely be \$2.6 billion higher—or 35 percent—than without NAFTA. During the same period, annual U.S. farm cash receipts are expected to be about 3 percent above projected receipts without NAFTA.

The expanded trade will increase employment in U.S. processing and transportation industries. Agricultural trade with Mexico already accounts for about 81,000 U.S. jobs. With the increase in trade expected under NAFTA, the new pact could add 56,000 agriculture-related jobs to the U.S. economy by the end of the transition period, according to the taskforce.

... & Mexican Ag Sales To U.S. Are Up

Mexican agricultural exports to the U.S. for the first 8 months of 1994 were up 5 percent from a year earlier, exceeding \$2 billion. The taskforce estimates total agricultural exports from Mexico to the U.S. in 1994 to be US\$3 billion, up 11 percent from last year.

Noncompetitive agricultural exports (commodities not produced in the U.S. such as coffee, cocoa, and bananas), were up 9 percent, with coffee alone up 33 percent. Competitive exports, such as fruits, vegetables, and cattle, were up 5

percent, with processed fruits and orange juice showing the largest increases. Under NAFTA, the U.S. removed most of its tariffs from fresh fruit imports. However, this had little effect on trade with Mexico because the previous tariffs were low.

Mexican orange juice shipments to the U.S. in the first 8 months of 1994 were up 334 percent from a year earlier, when imports were historically low. Under NAFTA, the U.S. lowered its tariff on frozen orange juice by half, within a 40-million-gallon quota. A safeguard can reimpose the pre-NAFTA tariff rate for imports over 70 million gallons if certain price conditions occur.

The U.S. is a net importer of vegetables and vegetable products from Mexico. While tariffs have been reduced, the U.S. still maintains many of its seasonal tariffs and has established tariff-rate quotas for vegetables to protect its domestic industry. These tariffs will eventually be removed.

As part of NAFTA, the U.S. established tariff-rate quotas for imports of Mexican products that were previously restricted by Section 22 of the Agricultural Adjustment Act of 1949, as amended. These products include milk powder, cheese, and other dairy products. However, the U.S. has chosen not to allocate quota imports under NAFTA and instead allows imports on a first-come-first-served basis. [Constanza Valdes (202) 219-0919] **AO**

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Farm Finance



The Major Farm Lenders: A Look at Their Clientele

Commercial banks, the Farm Credit System (FCS), and the Farmers Home Administration (FmHA) together account for about 75 percent of total debt owed by farm operators. Farm Costs and Returns Survey (FCRS) data for 1991-92 reveal that the debt of the three major types of farm lenders is concentrated among different classes of farm operators.

FmHA holds debt primarily owed by smaller, low-income, and higher risk farm operators, targeting loan programs to farmers unable to obtain adequate credit from commercial institutions. Among the three categories of lenders, the FCS concentrates its debt most heavily among larger, older, wealthier, and higher income operators. Commercial bank debt is spread among the broadest range of farm operators.

The FCS is a federally chartered borrower-owned credit cooperative, and the FmHA is an agency of USDA. (The recent reorganization of USDA abolishes the FmHA and transfers its farm loan programs to the new Farm Service Agency.) Commercial banks specializing in farm lending numbered 3,700 at the beginning of 1994, of a total of 10,886 banks.

The FCRS data provide some valuable insights on the performance of FCS and FmHA in carrying out their missions. The results are particularly important in light of the upcoming farm bill, the interest in expanding financing to young and beginning farmers, and proposed legislation that would authorize the FCS to lend for more nonfarm purposes.

FmHA Lending: Addressing the Mission

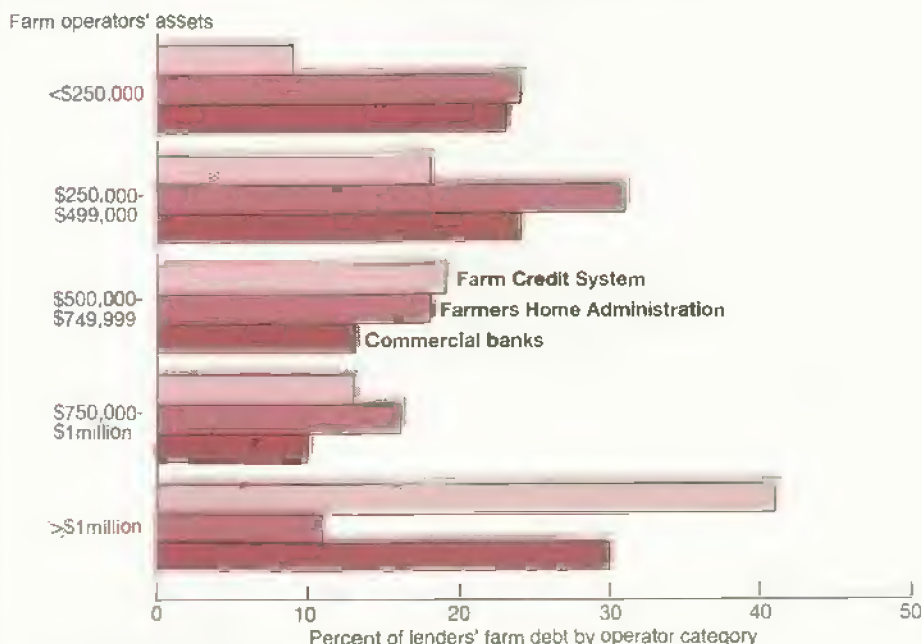
The 1991 mission statement of the Farmers Home Administration states that it is "...to serve as a temporary lender of last resort through supervised credit in modest amounts...." The FmHA has lent directly to farmers out of a system of county offices and has guaranteed loans made and serviced by commercial lenders. This discussion does not include FmHA-guaranteed loans.

Since the Depression, FmHA loan programs have been targeted to farmers affected by natural disasters and those unable to obtain adequate credit from commercial sources at reasonable rates and terms. The FCRS findings on FmHA operator debt are consistent with the mission of a lender of last resort. FmHA debt is concentrated among operators posing the highest credit risk.

Low income and lack of financial resources have been primary criteria for eligibility to borrow from the FmHA. Most FmHA debt is owed by operators who are in the poorest financial condition. Nearly a third is owed by low-equity farmers with debt-to-asset ratios above 0.70. The average debt-to-asset ratio of an FmHA borrower is 0.59. That proportion compares with just 0.21 for non-FmHA operator-borrowers. Whether categorized by net worth or by total assets, FmHA operators have far fewer financial resources than other operators. Also, FmHA operators are most likely to have low net farm income or household income (farm plus nonfarm net incomes).

FmHA programs have generally been targeted toward family-sized farms, but at times have also served large farms. This was particularly true in the FmHA emergency loan programs of past decades.

FmHA Concentrates Its Farm Lending Among Smaller Operators



Source: Farm Costs and Returns Survey data for 1991-92.

The agency, which has been plagued with billions of dollars in loan losses in recent years, has been criticized for losses incurred on large loans to large farms.

The FCRS data show that the majority of FmHA's operator debt (86 percent) is concentrated among family-sized operators—those with less than \$250,000 in total farm sales. Among operators with annual sales above \$250,000, FmHA lending falls rapidly.

Traditionally, a major part of FmHA's mission has been to assist young and beginning farmers, who typically lack financial resources and experience to qualify for commercial credit. Although the FCRS shows a high concentration of FmHA debt among young farmers, the proportion is no higher than all farm operator debt or debt held by banks.

The Agricultural Credit Act of 1992 might change this finding in future surveys. The act created new FmHA loan programs targeted to assist young and beginning farmers and directed more funding into these programs. If the programs are successful, a rise should occur in the proportion of total FmHA debt owed by young operators.

FCS Lending Pattern Reflects Broad Mandate

The Farm Credit System is a collection of 238 federally chartered borrower-owned credit cooperatives that lend primarily to agriculture. As a government-sponsored enterprise, or GSE, the FCS has a public purpose that is reflected in its mission statement.

FCS' Congressional mandate is not as specific as FmHA's mandate. The Farm Credit Act of 1971 as amended states that the "...Farm Credit System be designed to accomplish the objective of improving the income and well-being of American farmers and ranchers...."

Unlike FmHA and other GSE's, such as the Federal National Mortgage Association, or Fannie Mae, in housing, the FCS

FCS Lends Largely to Wealthier, Older, and More Financially Secure Farmers

	Farm operator debt			
	FCS	Commercial banks	FmHA	Total
<i>Percent of lenders' operator debt</i>				
Annual farm sales				
Less than \$50,000	19	28	25	25
\$50,000 - \$249,999	42	38	61	42
\$250,000 - \$499,999	19	13	10	14
\$500,000 - \$1,000,000	11	10	2	9
More than \$1,000,000	9	11	2	10
Operator net worth				
Less than \$250,000	23	39	57	37
\$250,000 - \$499,999	26	23	26	23
\$500,000 - \$1,000,000	24	19	13	19
More than \$1,000,000	28	19	4	21
Farm asset value				
Less than \$250,000	9	23	24	19
\$250,000 - \$749,999	37	37	49	38
\$750,000 - \$1,500,000	25	22	24	22
More than \$1,500,000	28	18	5	21
Age of operator				
35 and under	8	18	19	16
36 - 45	27	29	31	31
46 - 55	28	29	24	27
56 - 65	24	19	21	19
Over 65	12	5	4	8
Debt/asset ratio				
0 - 0.10	6	9	2	7
0.11 - 0.40	62	51	34	52
0.41 - 0.70	26	31	32	29
Over 0.70	6	10	32	12
Net farm income				
Negative	31	37	37	34
0 - \$9,999	9	13	13	12
\$10,000 - \$39,999	21	18	28	20
More than \$40,000	39	32	21	33

Excludes loans to absentee landlords. Totals may not add due to rounding.
Source: 1991 and 1992 Farm Costs and Returns Survey.

is not required specifically to target its lending resources. Nevertheless, it was formed earlier in the century when farm incomes and farm wealth lagged behind those of urban residents, and so specific targeting requirements in its mandate may not have been deemed necessary.

During the earlier years of the FCS, its lending was closely supervised by the government and it often implemented

government credit policies. From 1939 until 1954, the Farm Credit Administration, the FCS governing body, was an agency of USDA.

The FCRS data indicate that, by most measures, a higher proportion of FCS debt is owed by more financially secure operators. However, the FCRS data are inadequate to determine how well the FCS is performing its mission because

Farm Finance

About the Study

The Farm Costs and Returns Survey (FCRS) is a multiple-frame survey that provides annual estimates of farm expenses and income for a calendar year. The survey has been conducted since 1984, with 1992 data the most recent available. The 1991 and 1992 surveys were used in this study.

Each farm survey represents a number of similar farms. The surveys included information on farm operator debt by lender for 6,097 farms in 1991 and 4,757 farms in 1992. These surveys represented 2.1 million farms in 1991 and 2.09 million in 1992.

The surveys measure farm operator debt for farm business purposes only. They do not measure debt of nonoperator landlords. Accounts payable, accrued interest on debt, and farm operator debt for nonfarm purposes were not considered. Consequently, about 60 percent of total outstanding farm debt is represented by the FCRS. For this reason, FCRS data can be used to analyze FCS, bank, or FmHA debt owed by operators, but not the entire loan portfolios of these lenders.

Estimates discussed in this article represent primarily averages of 1991 and 1992. Analysis and discussion focus mainly on the distribution of farm operator debt. This provides a weighting of lending activity by loan size.

This discussion is based on characteristics of FCS, bank, and FmHA borrowers by farm size, wealth, operator age, income, and indebtedness. An operator is classified as an FCS, bank, or FmHA borrower based on the lender group providing the largest amount of credit to the operator. Using this definition, operators classified as bank, FCS, or FmHA borrowers account for at least 85 percent of farm operator debt held by the specific lender.

This analysis focuses on the three major lender categories. Other lender classifications such as life insurance companies and merchants are niche lenders. FmHA debt discussed here includes only direct loans, and not loans made by others and guaranteed by the agency.

the stated mission is so broad. Operators borrowing from the FCS tend to be wealthier. The average net worth for an operator borrowing primarily from the FCS is \$471,000—a sum \$150,000 more than operators borrowing primarily from banks. And more FCS debt is owed by operators with a net worth over \$1 million. This group of operators owes 28 percent of total FCS operator debt, but only 19 percent of total farm operator debt owed to banks.

FCS debt is concentrated among more established and larger operators. Over 41 percent of FCS debt is owed by operators with a least \$1 million in owned assets, compared with 32 percent for total operator debt. Also, FCS debt is more concen-

trated among farms in larger sales classifications.

Operators borrowing from the FCS own more land. Operators whose primary lender is the FCS own 467 acres on average, as opposed to 239 owned by operators borrowing primarily from banks. Also, those borrowing primarily from the FCS operate an average of 1,023 acres, double that of operators whose primary lenders are banks.

The greater financial security is buttressed by other indicators. FCS operators are more likely to be in higher income brackets, whether measured by net household income or by net farm income. The higher income and equity po-

sitions indicate that, compared with total operator debt, FCS holds a higher percentage of debt owed by operators in a favorable financial position (positive net incomes and low indebtedness), and a lower percentage of FCS debt owed by those vulnerable to failure (negative net incomes and high indebtedness).

The data provide no explanation for the generally stronger financial well-being of FCS borrowers. More conservative lending practices or better analysis of loan applicants could screen out riskier applicants. Another possible explanation is that services offered by FCS enable their borrowers to be more financially successful.

Providing credit to young, beginning, and small farmers is part of the broad mission of FCS, and a 1980 legislative requirement made this more explicit. Although the legislation mandated no specific targets, FCS district banks were required to develop and operate programs to assist these farmers.

FCRS data raise some questions about the effectiveness of FCS efforts in assisting young farmers. Only 8 percent of FCS operator debt is owed by operators under 36 years of age. This is significantly less than the percentage owed by this group to commercial banks or the FmHA.

Operators whose primary lender is the FCS were also significantly older than those borrowing primarily from the FmHA or banks. The average age for FCS primary borrowers is 52, compared with 47 and 48 for bank and FmHA clients. Operators over 65 years of age owed 12 percent of FCS operator debt, about three times the percentage of this age group owing bank and FmHA operator debt.

FCRS data indicated the portion of young farm operators' total debt to FCS is low relative to other lenders, regardless of whether it is real estate or nonreal estate debt. Thus, FCS' relatively modest lending to these operators cannot be explained by its specializing in real estate lending. Commercial banks were very active in real estate and nonreal estate

credit markets for young farmers, accounting for 38 percent and 60 percent of these debts to operators under 36 years of age.

Banks Lend to a Range of Operators

Unlike the FCS or FmHA, commercial banks do not have an explicit farm lending mandate. As a consequence, their lending patterns mainly reflect the demographic characteristics of all farm operators and the structural characteristics of all indebted U.S. farms. Exceptions include a greater propensity to serve smaller farms and part-time operators. Like the other two types of lenders, commercial banks displayed certain patterns by region and production specialty in their farm operator debt.

Distribution of the farm operator debt of commercial banks by household income, net farm income, financial position, and operator age reflected the distribution of all farm operator debt. Commercial banks, however, held higher proportions of debt owed by operators with less than \$50,000 in annual sales and less than \$250,000 in total owned assets. Banks

supplied 41 percent of the total farm operator debt owed by part-time operators, compared with 36 percent of full-time operator debt.

Banks' greater lending activity among smaller and part-time farms may be a result of the FCS and FmHA tendency to emphasize serving full-time farmers. Consequently, there may be less competition for banks among part-time and smaller farm operations. Another possibility is that banks' wider range of services better equips them to serve part-time operators, whose needs may include investments, home mortgages, or credit lines for nonfarm businesses.

Relative to the total, commercial banks maintained significantly higher shares of farm operator debt in the Corn Belt, Northern Plains, and Appalachia, and significantly lower shares in the Northeast and Mountain regions. This might be explained by the fact that a large proportion of U.S. agricultural banks are located in the Corn Belt and Northern Plains. This is also a region where agriculture is important to the area economies.

Relative to their share of all farm operator debt, commercial banks had significantly greater shares of the debt of feed grain (corn, sorghum, soybeans), poultry, and nursery farms. The banks' high shares of feed grain farm debt probably is due to their presence in the Corn Belt and Northern Plains. The high share of poultry farm debt may be because many poultry farm operators are part-time.

Commercial banks are especially dominant among nursery farms, supplying over 50 percent of the credit needs. A possible explanation is that FmHA and FCS may be reluctant to solicit loans from these sometimes risky, highly specialized operations.

[Charles Dodson (202) 219-0794 and Steve Koenig (202) 501-6749] **AO**

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- Egg Products
- Poultry Slaughter
- 5 Crop Progress*
- 7 Broiler Hatchery
- 9 Cotton Ginnings
- Crop Production
- 13 Potato Stocks
- 14 Broiler Hatchery
- Turkey Hatchery
- 15 Milk Production
- 16 Cattle on Feed
- 20 Catfish Processing
- 21 Broiler Hatchery
- Cold Storage
- 22 Chickens and Eggs
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Special Article



New Zealand Embassy

Farming Without Subsidies In New Zealand

In the mid-1980's, New Zealand became one of the first countries to unilaterally deregulate key sectors of its economy and abolish many sector-specific agricultural programs. Total farm assistance, which amounted to 40 percent of gross farm income in 1984, abruptly dropped to nearly zero the following year.

The producer subsidy equivalent in New Zealand—calculated as a ratio of direct and indirect subsidies to the value of production of five major agricultural commodities—fell from 25 percent in the early 1980's to 3 percent in 1993. The comparable level for the U.S. in 1993, calculated for an average of 12 major commodities, was 23 percent.

U.S. policy has addressed a host of farm issues—including price stability, orderly marketing, minimum returns or prices to producers, maintenance of the family farm, resource conservation, and limiting costs to taxpayers and consumers. Debate continues on the appropriate government role in these areas. With increased trade, and pressure to conform to new trade agreements, many countries, including the U.S., must balance internal assistance with external trade considerations.

New Zealand's deregulation experience may offer lessons for the U.S. in terms of the economic and political environment which motivated the deregulation policies and actions, and the resultant short- and long-run adjustment issues. The policy reforms in New Zealand since 1984, for example, have increased productive efficiency in the agricultural sector, but declines in investment have raised questions about long-run productivity.

Divergent Pressures To Deregulate

Nearly a decade has passed since the reform began in New Zealand, and the agricultural sector appears to be moving out of the adjustment period. The value of farm output, which declined initially in real terms, headed back up in the late 1980's, and is estimated at over \$8 billion (nearly \$10 billion in nominal terms) in 1994. Beef/sheep operations are still the most important type of farm, and meat and wool from these farms are estimated to account for 35 percent of the total value of farm output this year—the same share as in 1983. Dairy products are estimated at 24 percent of the value of farm output in 1994, nearly the same as in 1983, while grain and oilseed share dropped from 5 to 3 percent and horticulture expanded from 11 percent to 13 percent. New Zealand currently has about 80,000 farms, slightly higher than in 1983.

Economists list a number of symptoms that indicate when structural adjustment is needed in a developing country. These include persistent government budget deficits, rising national debt-to-income ratios, and high inflation rates. While policy concerns in developed countries seem more complex and involve many diverse domestic and external pressures, New Zealand and other developed countries might do well to address these symptoms as they occur.

A host of conditions triggered the move to deregulate agriculture and other industries in New Zealand in the mid-1980's, and two issues in particular converged in these years to support change. First, farm leaders recognized that continuation of the subsidies which had been in effect since 1978 would not be viable over the long-term. Farm leaders acknowledged that the subsidies—began partially in response to lost export sales when the United Kingdom joined the European Union—were overly generous to farmers. New Zealand, a small country, could simply not afford to guarantee against price drops in dairy, lamb, and other exported livestock products. Second, the farm sector saw that subsidies and import protection in other sectors hurt them, and reasoned that deregulation in other sectors would bring relief in the form of lower input prices.

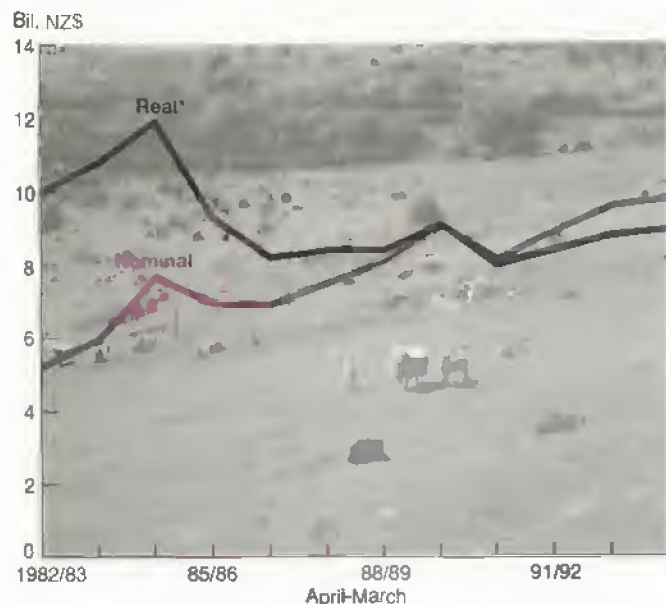
Both issues caused farmers to question whether farm subsidies were in their long-term interest. Many farm leaders also feared that high agricultural subsidy levels would cause the loss of goodwill with the rest of New Zealand's population. In addition, most farmers could readily recall life before subsidies, which had begun in the relatively recent past.

The U.S. currently faces a set of conditions and pressures that are largely different from those brought to bear in New Zealand over a decade ago. But a major issue common to the two countries is the pressure for closer scrutiny on government program outlays, generated by persistent budget deficits. Unlike in New Zealand, however, many farm programs have been in place over a long period of time in the U.S., and have become an important part of farm planning for some producers. And unlike in New Zealand, farm program expenditures make up only a small part of the national budget.

Besides the budgetary pressure, probably the two other major motivations for change in the U.S. are the perceived loss of farmers' political clout, and the maxim to conform to international trade agreements. Neither of these forces was a factor in deregulation in New Zealand. Both are political in nature and emotionally charged.

The political issue involves the perception that the need for government assistance in agriculture has declined, and involves the weakening of past political alliances supporting the status quo in farm programs. The trade issue would alter the form that these programs could take—those that directly affect trade would need to be adjusted. For example, quotas that insulate high domestic price supports would become tariffed, with tariffs slowly lowered over time. The tariffication of past quotas on dairy, sugar, and meat imports is an example.

The Value of New Zealand's Farm Output Climbs Again



NZ\$1 = US\$0.55 (1994).

*GDP deflator (1990=100).

Sources: Statistics New Zealand; Ministry of Agriculture and Fisheries.

The need for trade agreement conformity, as well as the demands of an increasingly competitive international trade environment, places pressure on many countries to adjust sectoral assistance. For the U.S., the international competitiveness issue involves the pressure to make farm programs more transparent so that trading partners will in turn make theirs more transparent—and should increase their imports from the U.S. in the process. These concerns set present U.S. conditions apart from those in New Zealand in the mid-1980's.

According to recent USDA analysis, deregulation by the U.S. and its trading partners under the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) would result in a substantial increase in U.S. agricultural exports, and raise farm income. The analysis also indicates that lower government program outlays would result from the policy change.

Ag Sector Adjustment Was a Key Concern

More than 30 different production and export subsidy programs were abolished in New Zealand, in tandem with other economy-wide deregulation reforms. Three concerns from the New Zealand experience may be of interest to U.S. policy makers:

- the timing or sequence of economic reforms across sectors;
- initial adjustment problems of farm producers; and
- adjustment problems of downstream participants (marketers and processors) and upstream participants (bankers and input suppliers) in the agricultural sector.

The macroeconomic reforms affecting interest and exchange rates occurred prior to many sector-specific reforms. These economy-wide reforms raised interest rates and appreciated the New Zealand dollar. This had the effect of depressing exports and in turn, lowering domestic prices while raising interest costs on producer loans. Agriculture sustained these impacts simultaneously with the sector-specific reforms, and this raised the question of whether the reforms could have been timed to allow farmers to adjust to one shock at a time. For most U.S. commodities, with their generally heavier domestic market orientation, this probably would be less of a concern.

Concern about shortrun producer adjustment is a major issue regardless of the sequence of policy reform. How were such shortrun adjustment issues addressed in New Zealand? First, the government provided two main safety nets—one to assist farm exits, and one to help farmers weather the storm. The first program provided farmers with a "golden handshake," a one-time payment of \$45,000 to exit farming, and was extended to 300 farmers. The other program, the Rural Bank Discount Scheme, suspended or reduced interest payments, capitalized interest into principal, or postponed/wrote off principal in 1986-87. This program was extended to over 4,700 applicants who, on average, had \$49,880 in debt written off.

Special Article

Prices Are Rising Slowly in New Zealand

	1990/91	91/92	92/93	93/94	94/95
<i>Million</i>					
Population	3.35	3.38	3.41	3.44	3.47
<i>\$NZ billion</i>					
Gross Domestic Product (GDP)	73.6	73.4	77.1	81.7	86.0
<i>Percent</i>					
Agriculture as share of GDP*	4.8	5.7	5.8	5.7	4.8
Inflation rate	5.8	2.6	1.0	1.4	1.3

1994/95 forecast. Year begins April 1.
 *Excludes goods and services used in agricultural production, and processed agricultural products.
 Source: Statistics New Zealand; Ministry of Agriculture and Fisheries; New Zealand Institute of Economic Research.



One lesson of the short-term impacts in New Zealand is that caution is needed to avoid automatically substituting government programs for independent, voluntary arrangements, such as bank-to-farmer agreements, to reduce financial stress. For example, there was evidence that New Zealand banks, working closely with viable producers, were willing to weather the storm of deregulation—without the government's rural bank assistance program—by taking a liberal policy on repayment problems. Other forms of private-sector cooperation occurred on delinquent payments to input suppliers.

Recent examples of similar voluntary efforts in the U.S. involve individual firms responding to fires in Washington State last summer. Seafirst Bank in Chehalis and Douglas Counties extended flexible underwriting criteria and low-interest loans to help local small entrepreneurs get re-established after fires destroyed businesses. And free, 24-hour access to fire updates and evacuation information was made possible through cooperation among U.S. West Cellular, the Washington State Depart-

ment of Natural Resources, and local radio stations. Although government agencies could facilitate these programs, caution should be applied on the extent and duration of government involvement so as not to jeopardize or discourage such voluntary private sector initiatives.

A second lesson in short-run adjustment to be learned from New Zealand is the value of exploring other, perhaps nongovernmental, means to help producers adjust. For example, futures options could be used to address price instability, and area-wide crop insurance programs could handle production uncertainties. Also, self-help programs, such as marketing boards, could be developed or enhanced. In New Zealand, marketing boards for major commodities probably eased, to some extent, short-run producer adjustment problems faced with deregulation. In the U.S., recent legislative attempts by dairy groups to allow "self help" programs to market and export products in the post-GATT environment may signal future attempts by other commodity groups to adopt similar tools.

New Zealand's Marketing Boards Take on Commercial Look

New Zealand's producer marketing boards are among the oldest and best known government-sponsored marketing institutions. These marketing boards began forming in the 1920's, and were given broad legislative authority by the government to negotiate freight rates and insurance charges, even out seasonal peaks in produce shipping, coordinate export promotion, and conduct other activities to improve grower returns. The economic reforms which began during the last decade have altered the functions of New Zealand's marketing boards somewhat, leaving them more focused on export promotion.

England, Canada, Australia, Israel, and a number of other countries operate marketing boards similar to those in New Zealand. And the U.S. has marketing orders and agreements which perform some of the same functions as marketing boards, but which have weaker legislative authorities.

Today, New Zealand has 11 producer boards covering meat, wool, dairy, apples and pears, fish, kiwifruit, raspberries, game, horticulture, hops, and pork. The functions they assume vary by type of product and extent of statutory powers. These powers fall generally into five possible market interventions: (1) compulsory levies on producers for promotion and other activities; (2) price stabilization, often through the purchase and/or stockpiling of product; (3) licensing of exporters to restrict the number of exporters or access to specific markets; (4) product acquisition for market allocation; and (5) supply control through production quotas.

About a decade ago, the New Zealand government began deregulating the producer marketing boards, treating them more like commercial entities. In general, the deregulation has led to closer scrutiny of producer boards by the public and the government. Four policy changes signal this dual trend.

- In 1986, the stabilization accounts set up by the central Reserve Bank were completely dropped, and boards were allowed to search for funds across commercial channels without government approval or supervision.
- The government ended its role in setting guaranteed or minimal prices for stabilization schemes and monitoring those activities.
- The income tax-exempt status enjoyed by boards was repealed in the late 1980's.
- In 1993, each board was required to conduct a performance and efficiency audit every 5 years.

These deregulation moves, along with the increased awareness that New Zealand could not afford to support prices in many commodity markets, led to changes in the functions assumed by the marketing boards. For example, many marketing boards de-emphasized their price stabilization efforts and dropped many domestic marketing allocation schemes. By the late 1980's, the government removed product acquisition authority for wheat, eggs, and some kinds of milk and other dairy products (for domestic sale), and domestic production controls were dropped for eggs and some kinds of milk.

However, the ability to collect producer levies was essentially unchanged. And export licensing maintained its important elements. For example, product acquisition for dairy products, apples, pears, and kiwifruit for export is still compulsory. By acquiring production in order to organize export shipments and pool final producer payments, boards still indirectly control remaining domestic supplies and, in turn, prices, processing decisions, and product development.

And five boards—covering dairy, apples and pears, kiwifruit, raspberries, and hops—still maintain single-seller status for exports in New Zealand.

Although many of the reforms listed above were profound—especially in dropping most domestic marketing arrangements and the easing out of the government's financial exposure—the need for certain board functions, particularly those related to export marketing, has never been questioned. Only minor changes were made to export monopolies or licensing authorities. In fact, kiwifruit producers—even in the midst of the deregulation fervor in 1989—were able to create a new board (the Kiwifruit Marketing Board). Thus, considerable political support for marketing boards apparently remains.

Detractors of boards cite the potential of undue price enhancement, lost efficiency brought about by lack of competition, the inherent conflict between the regulatory role and the commercial activities of the board, and the difficulties in assessing board performance. Proponents of boards cite the streamlining of marketing efforts by boards, the ability to capture increased returns in markets when possible, and some ability to counter the actions of market distortions brought about by the actions of governments in other countries.

Past studies generally support the view that boards have not been able to increase market returns for New Zealand. However, marketing boards nonetheless remain popular with many farm groups and policymakers as a way to improve returns to growers. And partly as a result of the reforms, the marketing boards are putting increased emphasis on developing a global corporate strategy to improve international competitiveness. Strategies to increase exports and market share include developing of branded products (such as Anchor milk and the recently introduced ENZA fruit juice), expanding product selection and mix, and selling value-added products.

Special Article

Input suppliers, especially fertilizer distributors and banks, were also impacted in the short run. Fertilizer use and capital expenditures were both pulled back severely—up to 50 percent—while land prices dropped 60 percent. Similar short-run results could apply for the U.S. Lessons could similarly be drawn from the experience of the early 1980's PIK program in the U.S., (and earlier programs) in anticipating response of input suppliers to large short-run cutbacks in farm input demand.

Output & Resources Are Longrun Issues

The impact of deregulation on output, resource use, and technological innovation and adaption were the three main longer term issues considered by New Zealand policy makers.

Production cutbacks following deregulation were far less than expected. Econometric modeling and expert opinion had suggested far greater production declines than actually occurred following deregulation, and farm numbers declined less than most estimates. For example, initial New Zealand estimates indicated a 10-percent drop in farm numbers, but they actually fell only about 1 percent during the late 1980's.

These findings suggest that deregulation does not necessarily reduce output significantly, but does force some inefficiency out of the system. However, past experience shows that the adjustment period can be long and painful for producers in seeking new, profitable commodity mixes on farms, as well as for farming communities as agricultural activities shift across regions.

As commodity/regional production patterns change, marginal land is expected to leave agriculture. If financial resources are not available to return land to prior habitat, increased soil degradation and pollution could occur. For example, soil erosion increased on marginal land, especially on hilly terrain in New Zealand, as resources were withdrawn due to subsidy removal, according to a recent New Zealand Federated Farmers report.

Environmental concerns in the U.S. have laid the foundation for land retirement programs and the Conservation Reserve Program. And environmental impact surveys, particularly impacts of pesticide use on water quality, have been initiated in response to environmental concerns. Additional studies—to monitor the impacts of lower input use—may be important if deregulation is undertaken.

Does some level of price stability/protection encourage or discourage technological innovation and adaption? A number of studies have explored and debated this question. A "happy medium" probably exists between too much profit/price protection and too little—with too little possibly discouraging investment in technological innovation and adaption. The effects of New Zealand's deregulation on production—somewhat dampened output with lower input use—implies greater production efficiency. On New Zealand beef/sheep farms, for example, an increase of 20 to 30 percent in total factor productivity was found to exist almost immediately after deregulation, according to USDA analysis.

Another question is whether such productivity gains are real and sustainable. And do they compromise food security? These are valid concerns which are not readily answered by available evidence from the U.S. or elsewhere.

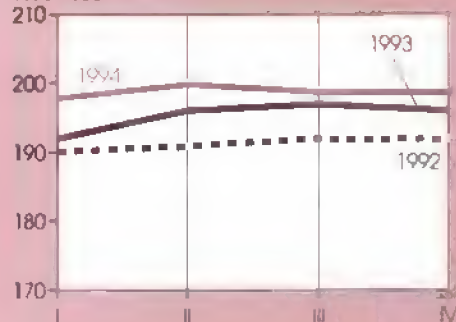
In New Zealand, the short- and longrun deregulation issues have raised fundamental questions as to the appropriate government response. With increased trade and pressure to conform to new trade agreements, many countries must balance internal assistance with external trade considerations. For example, what nongovernmental means are available and could be fostered? If government programs are called for, how can they be made to be production-neutral or more conservation-based, and foster sound technological innovation and adaption? Policy makers in New Zealand have addressed these issues through a combination of low direct government intervention in production, freedom for producers to actively engage in marketing boards, and more reliance on the world market.

[Felix Spinelli (301) 436-8685] **AO**

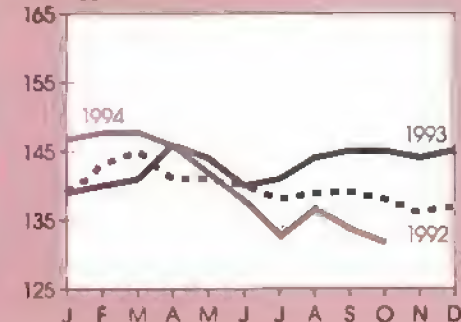
PrimeTM Indicators

Index of prices paid by farmers

1977=100

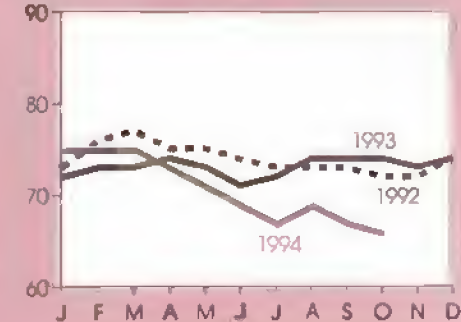
Index of prices received by farmers¹

1977=100

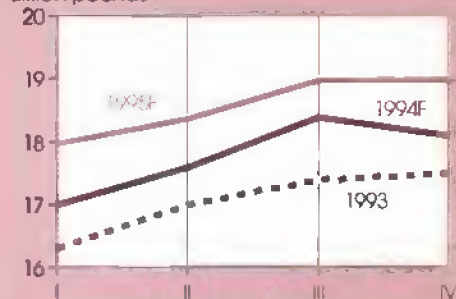


Ratio of prices received/prices paid

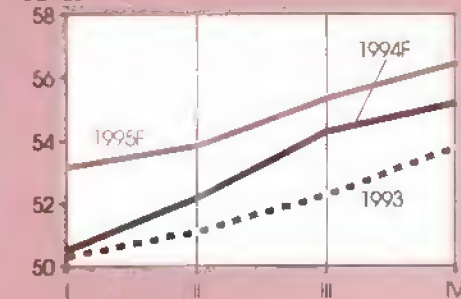
Percent

Total red meat & poultry production²

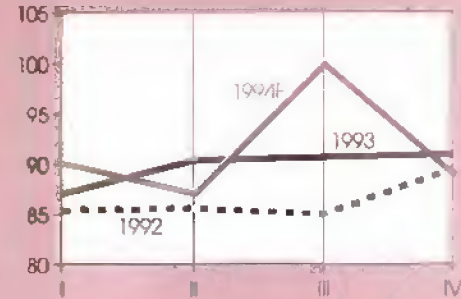
Billion pounds

Red meat & poultry consumption, per capita^{2,3}

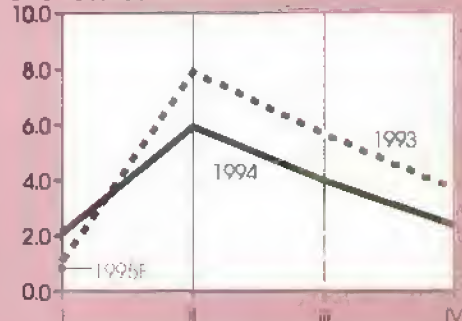
Pounds

Cash receipts from livestock & products⁴

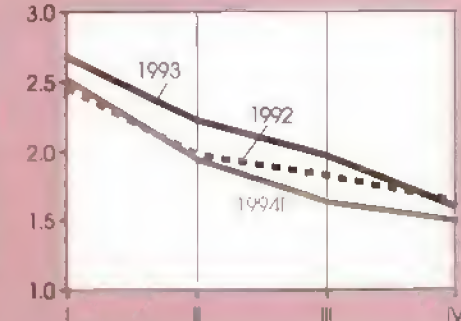
\$ billion

Corn beginning stocks⁵

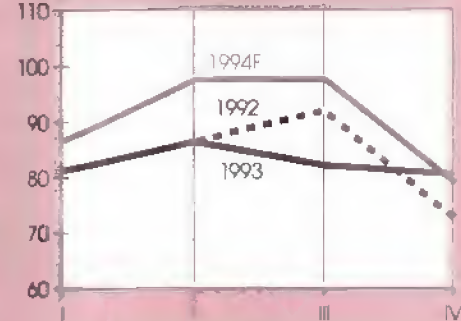
Billion bushels

Corn disappearance⁵

Billion bushels

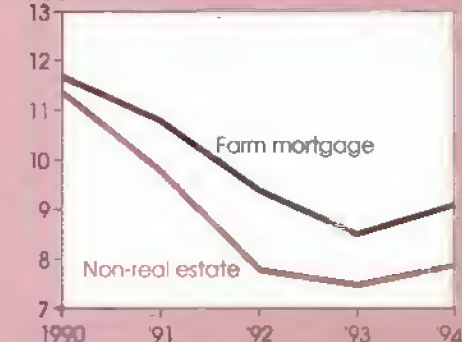
Cash receipts from crops⁴

\$ billion



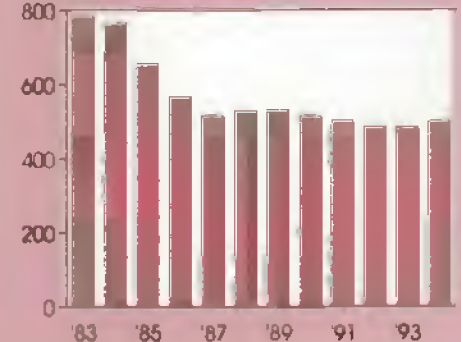
Farm loan interest rates

Percent



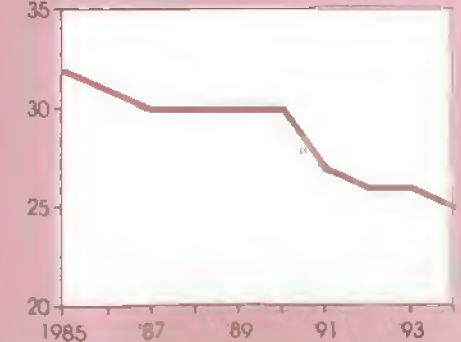
Average real value of farm real estate

1982 \$/acre



Farm value/retail food costs

Percent

¹ For all farm products.² Calendar quarters. Future quarters are forecasts for livestock, corn, and cash receipts.³ Retail weight.⁴ Seasonally adjusted annual rate. ⁵ I=Sept.-Nov.; II=Dec.-Feb.; III=Mar.-May.; IV=June-Aug. Marketing years ending with year indicated. F=forecast

Statistical Indicators

Summary Data

Table 1.—Key Statistical Indicators of the Food & Fiber Sector

	1994					1995				
	I	II	III	IV F	Annual F	I F	II F	III F	Annual F	
Prices received by farmers (1977=100)										
Livestock & products	148	142	135	132	—	—	—	—	—	—
Crops	181	154	147	142	—	—	—	—	—	—
Prices paid by farmers, (1977=100)										
Production items	181	184	181	180	182	—	—	—	—	—
Commodities & services, interest, taxes, & wages	198	200	199	199	199	—	—	—	—	—
Cash receipts (\$ bil.) 1/	177	185	—	—	—	—	—	—	—	—
Livestock (\$ bil.)	90	87	—	—	—	—	—	—	—	—
Crops (\$ bil.)	87	99	—	—	—	—	—	—	—	—
Market basket (1982-84=100)										
Retail cost	142	145	145	145	—	—	—	—	—	—
Farm value	105	108	102	98	—	—	—	—	—	—
Spread	182	166	168	171	—	—	—	—	—	—
Farm value/retail cost (%)	26	26	25	24	—	—	—	—	—	—
Retail prices (1982-84=100)										
Food	141	143	144	145	—	—	—	—	—	—
At home	140	143	143	145	—	—	—	—	—	—
Away from home	143	145	145	146	—	—	—	—	—	—
Agricultural exports (\$ bil.) 2/	11.1	10.3	9.3	11.8	42.5	—	—	—	—	43.0
Agricultural imports (\$ bil.) 2/	6.6	6.6	5.7	6.6	25.5	—	—	—	—	27.5
Commercial production										
Red meat (mil. lb.)	10,083	10,431	10,838	10,847	42,189	10,575	10,695	11,035	43,397	
Poultry (mil. lb.)	6,891	7,371	7,810	7,395	29,258	7,375	7,705	7,930	30,860	
Eggs (mil. doz.)	1,498	1,513	1,547	1,570	6,128	1,530	1,535	1,550	6,200	
Milk (bil. lb.)	37.7	40.0	38.4	37.8	153.9	39.0	41.1	39.3	157.9	
Consumption, per capita										
Red meat and poultry (lb.)	50.5	52.2	54.3	55.2	212.2	53.2	53.9	55.4	219.1	
Corn beginning stocks (mil. bu.) 3/	2,113.0	5,936.5	3,895.7	2,359.9	2,113.0	850.2	—	—	850.2	
Corn use (mil. bu.) 3/	2,525.7	1,948.8	1,842.1	1,511.1	7,627.7	—	—	—	8,810.0	
Prices 4/										
Choice steers—Nab. Direct (\$/cwt)	73.10	68.79	65.83	66-68	68.68	65-69	65-71	63-69	64-70	
Barrows & gilts—IA. So. MN (\$/cwt)	45.79	42.90	40.5	32-33	40.55	35-37	36-40	36-40	38-38	
Broilers—12-city (cts./lb.)	55.1	60.0	55.9	51-53	55.8	50-54	51-55	52-56	50-54	
Eggs—NY gr. A large (cts./doz.)	71.5	63.3	67.0	67-69	67.5	65-69	59-63	63-69	63-68	
Milk—all at plant (\$/cwt)	13.57	13.03	12.53	13.05-13.35	13.05-13.15	12.15-12.75	11.20-12.10	11.40-12.40	11.75-12.85	
Wheat—KC HRW ordinary (\$/bu.)	3.59	3.81	3.83	3.74	—	—	—	—	—	
Corn—Chicago (\$/bu.)	2.38	2.97	2.75	2.24	—	—	—	—	—	
Soybeans—Chicago (\$/bu.)	8.18	6.77	6.73	5.79	—	—	—	—	—	
Cotton—Avg. spot 41-34 (cts./lb.)	55.4	70.7	77.4	71.0	—	—	—	—	—	
	1986	1987	1988	1989	1990	1991	1992	1993	1994	
Farm real estate values 5/										
Nominal (\$ per acre)	640	599	832	661	668	681	684	699	744	
Real (1982 \$)	568	518	530	533	517	505	487	485	503	

1/ Quarterly data seasonally adjusted at annual rates. 2/ Annual data based on Oct.-Sept. fiscal years ending with year indicated. 3/ Sept.-Nov. first quarter; Dec.-Feb. second quarter; Mar.-May third quarter; Jun.-Aug. fourth quarter; Sept.-Aug. annual. Use includes exports & domestic disappearance. 4/ Simple averages, Jan.-Dec. 5/ 1990-94 values as of January 1. 1986-89 values as of February 1. F = forecast. — = not available.

U.S. & Foreign Economic Data

Table 2.—U.S. Gross Domestic Product & Related Data

	Annual			1993		1994		
	1991	1992	1993	III	IV	I	II	III
\$ billion (quarterly data seasonally adjusted at annual rates)								
Gross domestic product	5,724.8	6,020.2	6,343.3	8,359.2	8,478.1	8,574.7	8,889.9	8,775.9
Gross national product	5,740.8	5,025.8	6,347.8	8,387.8	8,476.2	8,574.0	8,882.5	—
Personal consumption expenditures	3,902.4	4,136.9	4,378.2	4,401.2	4,469.6	4,535.0	4,586.4	4,655.3
Durable goods	456.6	492.7	538.0	541.9	562.8	576.2	580.3	594.7
Nondurable goods	1,257.8	1,295.5	1,339.2	1,340.2	1,355.2	1,368.9	1,381.4	1,402.0
Clothing & shoes	213.0	227.7	235.4	235.9	240.7	241.9	243.9	246.8
Food & beverages	821.5	826.8	849.7	851.7	860.8	867.9	875.5	881.1
Services	2,168.1	2,348.7	2,501.0	2,519.1	2,551.6	2,589.9	2,624.7	2,658.6
Gross private domestic investment	744.8	788.3	882.0	882.2	922.5	966.6	1,034.4	1,051.1
Fixed investment	746.8	785.2	866.7	868.3	913.5	942.5	967.0	978.7
Change in business inventories	-1.8	3.0	15.4	13.9	9.0	24.1	67.4	72.5
Net exports of goods & services	-19.9	-30.3	-65.3	-77.0	-71.2	-86.7	-97.6	-116.9
Government purchases of goods & services	1,097.4	1,125.3	1,148.4	1,152.9	1,157.2	1,159.8	1,166.7	1,186.4
1987 \$ billion (quarterly data seasonally adjusted at annual rates)								
Gross domestic product	4,867.6	4,979.3	5,134.5	5,139.4	5,218.0	5,281.1	5,314.1	5,359.2
Gross national product	4,882.3	4,985.7	5,140.3	5,148.4	5,218.7	5,282.7	5,310.5	—
Personal consumption expenditures	3,259.4	3,349.5	3,458.7	3,472.2	3,506.2	3,546.3	3,557.8	3,583.9
Durable goods	425.3	452.6	489.9	492.7	510.8	521.7	522.2	532.2
Nondurable goods	1,047.7	1,057.7	1,078.5	1,081.7	1,088.0	1,098.3	1,104.3	1,110.1
Clothing & shoes	184.7	193.2	197.8	198.6	202.4	203.8	204.9	209.3
Food & beverages	518.8	514.7	524.0	525.1	528.1	531.9	536.1	533.7
Services	1,786.3	1,839.1	1,890.3	1,897.8	1,907.4	1,926.3	1,931.4	1,941.6
Gross private domestic investment	683.8	725.3	819.9	821.8	862.5	896.9	950.9	963.2
Fixed investment	684.9	722.9	804.6	808.8	851.7	873.4	891.7	898.7
Change in business inventories	-1.1	2.5	15.3	13.0	10.8	25.4	59.2	64.5
Net exports of goods & services	-19.5	-32.3	-73.9	-86.3	-82.2	-104.0	-111.8	-118.3
Government purchases of goods & services	944.0	936.9	929.8	931.8	931.5	919.9	917.1	930.3
GDP implicit price deflator (% change)	3.8	2.8	2.2	1.0	1.3	2.9	2.9	1.6
Disposable personal income (\$ bil.)	4,236.6	4,505.8	4,688.7	4,700.5	4,777.6	4,832.8	4,913.5	4,984.0
Disposable per. income (1987 \$ bil.)	3,538.5	3,648.1	3,704.1	3,708.4	3,747.8	3,779.2	3,811.5	3,837.0
Per capita disposable per. income (\$)	18,756	17,638	18,153	18,174	18,421	18,588	18,853	19,071
Per capita dis. per. income (1987 \$)	14,003	14,279	14,341	14,338	14,451	14,535	14,625	14,682
U.S. population, total, incl. military abroad (mil.) 1/	252.6	255.5	258.2	258.5	259.2	259.9	260.5	261.2
Civilian population (mil.) 1/	250.5	253.5	256.4	256.7	257.5	258.1	258.8	259.5
	Annual			1993		1994		
	1991	1992	1993	Sept	June	July	Aug	Sept P
Monthly data seasonally adjusted								
Industrial production (1987=100)	104.1	106.5	110.9	111.3	117.5	117.9	118.7	118.7
Leading economic indicators (1987=100)	97.2	98.2	98.8	98.7	101.7	101.7	102.2	102.2
Civilian employment (mil. persons) 2/	116.9	117.6	119.3	119.6	122.4	122.5	123.2	123.6
Civilian unemployment rate (%) 2/	6.6	7.3	6.7	6.4	6.0	6.1	6.1	5.9
Personal income (\$ bil. annual rate)	4,860.3	5,154.3	5,375.1	5,416.3	5,674.9	5,702.3	5,724.4	5,756.7
Money stock—M2 (daily avg.) (\$ bil.) 3/	3,455.3	3,509.0	3,588.0	3,544.4	3,589.3	3,603.6	3,597.7	3,596.5
Three-month Treasury bill rate (%)	5.42	3.45	3.02	2.96	4.18	4.39	4.50	4.64
AAA corporate bond yield (Moody's) (%)	8.77	8.14	7.22	6.66	7.97	8.11	8.07	8.34
Housing starts (1,000) 4/	1,014	1,200	1,288	1,359	1,358	1,439	1,461	1,525
Business inventory/sales ratio	1.54	1.50	1.45	1.45	1.40	1.42	1.39	—
Sales of all retail stores (\$ bil.) 5/	1,863.0	1,959.1	2,081.6	174.3	185.1	185.3	187.3	188.4
Nondurable goods stores (\$ bil.)	1,209.5	1,251.8	1,297.0	108.6	112.2	112.8	113.1	113.4
Food stores (\$ bil.)	379.3	382.4	392.4	32.6	33.5	33.6	33.8	33.9
Eating & drinking places (\$ bil.)	194.1	200.6	211.0	18.0	18.7	19.0	18.5	18.7
Apparel & accessory stores (\$ bil.)	97.3	104.1	106.1	8.9	8.9	8.9	9.0	8.6

1/ Population estimates based on 1990 census. 2/ Data for 1994 are not directly comparable with data for 1993 and earlier years. 3/ Annual data as of December of the year listed. 4/ Private, including farm. 5/ Annual total. P = preliminary. — = not available.

Information contact: Ann Duncan (202) 501-8541.

Table 3.—World Economic Growth

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993 E	1994 F	1995 F	Average 1984-93
Real GDP, annual percent change													
World	4.3	3.3	2.7	3.1	4.4	3.3	2.2	0.7	2.0	1.6	2.8	3.2	2.8
World, less U.S.	3.0	3.4	2.7	3.1	4.6	3.6	2.7	1.2	1.7	1.0	2.4	3.3	2.8
Developed	4.3	3.2	2.7	3.1	4.4	3.3	2.4	0.9	1.7	1.0	2.5	2.8	2.7
Developed, less U.S.	3.2	3.4	2.7	3.2	4.5	3.6	-3.5	1.9	1.0	-0.1	1.8	2.7	2.7
United States	6.0	3.0	2.0	3.0	3.9	2.8	0.8	-0.7	2.6	3.1	3.8	3.0	2.7
Canada	6.4	4.7	3.3	4.1	4.7	2.5	0.4	-1.7	0.7	2.2	3.8	3.2	2.7
Japan	4.3	5.0	2.7	4.1	6.2	4.7	5.2	4.3	1.1	0.0	0.9	2.5	3.8
Western Europe	2.4	2.5	2.7	2.6	3.7	3.2	2.8	1.1	0.9	-0.5	1.9	2.7	2.2
European Union	2.3	2.4	2.7	2.7	3.9	3.3	2.9	1.5	1.1	-0.3	1.9	2.7	2.2
Germany	2.8	1.9	2.2	1.4	3.7	3.6	5.7	4.5	2.1	-1.2	2.0	2.7	2.7
Central Europe	4.2	2.4	2.9	2.2	2.2	-0.9	-8.5	-11.3	-4.7	0.6	2.0	3.1	-0.9
Former Soviet Union	4.1	1.7	3.6	2.8	5.3	3.0	-2.0	-11.8	-18.2	-13.0	-18.0	-4.0	-2.4
Russia	2.6	2.6	3.4	2.1	5.6	2.5	-2	-9	-10	-11.9	-11.2	-3.9	-2.9
Developing	4.3	3.9	3.5	4.0	4.4	3.7	3.5	3.7	5.2	5.0	5.8	5.6	4.1
Asia	7.4	6.2	6.3	7.4	9.1	5.6	6.1	5.1	7.6	11.4	7.4	7.0	7.2
Pacific-Asia	9.4	6.7	7.3	9.0	9.5	6.1	6.6	6.4	9.0	14.1	8.2	7.7	8.4
China	14.4	12.3	8.2	11.0	10.7	4.3	5.4	6.4	13.0	13.4	11.0	9.8	9.9
South Asia	3.9	5.6	4.9	4.8	9.4	5.1	5.5	1.8	4.0	4.1	5.3	4.9	4.9
India	3.7	5.4	4.1	4.9	9.7	5.0	5.8	1.2	4.5	4.1	5.5	4.9	4.8
Latin America	3.9	3.3	4.5	3.2	0.6	1.3	-0.1	3.1	2.2	-6.5	3.2	3.8	1.6
Mexico	3.7	2.7	-3.9	1.8	1.2	3.4	4.5	3.6	2.8	0.4	2.6	4.9	2.0
Caribbean/Central	0.5	2.2	2.1	2.8	-0.6	2.1	1.4	0.1	0.2	2.2	2.0	2.2	1.3
South America	4.1	4.0	7.1	3.5	0.4	0.5	-1.7	3.4	2.3	4.0	3.5	3.7	2.8
Brazil	5.4	7.9	8.0	3.3	-0.2	3.3	-4.2	0.9	-0.9	4.0	3.4	3.7	2.8
Middle East	0.3	-0.9	-6.9	-2.3	-2.5	2.3	3.1	1.9	7.5	4.7	3.4	3.9	0.7
Africa	1.0	3.1	2.2	0.6	2.9	3.4	2.1	2.1	1.2	2.0	2.3	2.7	2.0
North Africa	2.8	3.3	-0.3	0.2	1.5	3.8	2.2	2.8	1.4	1.6	2.3	2.7	1.9
Sub-Saharan	-0.1	2.9	3.8	0.8	3.7	3.1	2.0	1.6	1.1	2.3	2.5	2.6	2.1
Middle East & N. Africa	0.1	0.5	-4.7	-1.4	-1.1	2.8	2.8	2.2	5.4	3.6	3.0	3.5	1.1

E = Estimate. F = forecast

Information contact: Alberto Jorjardo, (202) 501-8318.

Farm Prices

Table 4.—Indexes of Prices Received & Paid by Farmers, U.S. Average

	Annual			1993						
	1991	1992	1993	Oct	May	June	July	Aug	Sept R	Oct P
1977 = 100										
Prices received										
All farm products	146	139	143	145	142	138	133	137	134	132
All crops	129	121	123	130	131	127	118	123	122	120
Food grains	115	139	129	131	145	135	127	132	144	155
Feed grains & hay	117	116	115	117	135	131	117	113	114	107
Feed grains	115	114	110	112	127	126	112	108	108	99
Cotton	108	88	90	88	115	105	97	108	108	108
Tobacco	181	154	154	156	152	152	134	143	158	161
Oil-bearing crops	91	88	95	94	106	105	95	90	87	82
Fruit, all	264	175	175	285	165	142	137	176	168	165
Fresh market 1/	288	179	182	317	188	145	138	185	174	171
Commercial vegetables	135	158	159	124	124	136	136	141	144	143
Fresh market	140	158	166	120	118	133	134	139	144	143
Potatoes & dry beans	141	124	151	130	167	166	188	171	131	131
Livestock & products	161	157	162	159	154	148	147	150	145	142
Meat animals	186	178	183	178	169	160	160	165	155	149
Dairy products	126	135	132	135	133	131	127	129	132	135
Poultry & eggs	124	117	128	128	129	130	128	127	129	125
Prices paid										
Commodities & services,										
interest, taxes, & wage rates	187	189	195	196	200	200	199	199	199	199
Production items	173	174	179	181	184	184	181	181	181	180
Feed	123	123	124	127	—	—	126	—	—	123
Feeder livestock	214	202	218	216	—	—	193	—	—	185
Seed	163	162	169	171	—	—	175	—	—	175
Fertilizer	134	131	128	127	—	—	137	—	—	139
Agricultural chemicals	151	159	165	166	—	—	168	—	—	168
Fuels & energy	203	199	201	204	—	—	201	—	—	203
Farm & motor supplies	157	160	160	159	—	—	158	—	—	160
Autos & trucks	244	258	272	276	—	—	289	—	—	290
Tractors & self-propelled machinery	211	219	227	237	—	—	240	—	—	242
Other machinery	226	233	243	248	—	—	258	—	—	265
Building & fencing	146	150	159	160	—	—	166	—	—	166
Farm services & cash rent	169	171	174	174	—	—	175	—	—	175
Int. payable per acre on farm real estate debt	137	129	123	123	—	—	130	—	—	130
Taxes payable per acre on farm real estate	165	172	180	180	—	—	189	—	—	189
Wage rates (seasonally adjusted)	201	210	217	208	—	—	226	—	—	226
Production items, interest, taxes, & wage rates	172	173	178	178	—	—	180	—	—	180
Ratio, prices received to prices paid (%) 2/	78	74	73	74	71	69	67	69	67	68
Prices received (1910-14=100)	666	636	653	661	651	630	607	625	611	601
Prices paid, etc. (parity index) (1910-14=100)	1,285	1,303	1,340	1,347	—	—	1,387	—	—	1,358
Parity ratio (1910-14=100) (%) 2/	62	49	49	49	—	—	44	—	—	44

1/ Fresh market for noncitrus; fresh market & processing for citrus. 2/ Ratio of index of prices received for all farm products to index of prices paid for commodities & services, interest, taxes, & wage rates. Ratio uses the most recent prices paid index. Prices paid data are quarterly & will be published in January, April, July, & October. R = revised P = preliminary. — = not available.

Information contact: Ann Duncan (202) 501-8541.

Table 5.—Prices Received by Farmers, U.S. Average

	Annual 1/			1993	1994					
	1991	1992	1993	Oct	May	June	July	Aug	Sept R	Oct P
CROPS										
All wheat (\$/bu.)	3.00	3.24	3.26	3.25	3.41	3.21	3.03	3.25	3.57	3.85
Rice, rough (\$/cwt)	7.58	5.89	8.09	6.10	10.00	8.88	7.80	6.75	6.82	6.92
Corn (\$/bu.)	2.37	2.07	2.50	2.28	2.60	2.61	2.29	2.16	2.19	1.96
Sorghum (\$/cwt)	4.01	3.38	4.13	3.81	4.20	4.24	3.71	3.73	3.56	3.34
All hay, baled (\$/ton)	71.20	74.30	81.60	82.30	100.00	88.70	82.50	83.10	82.40	86.80
Soybeans (\$/bu.)	5.58	5.56	6.40	6.01	6.77	6.72	5.92	5.58	5.47	5.15
Cotton, upland (cts./lb.)	56.8	54.9	59.0	62.4	69.3	63.6	58.4	65.5	65.1	65.4
Potatoes (\$/cwt)	4.96	5.52	6.22	4.91	6.63	6.58	7.54	6.86	5.09	4.94
Lettuce (\$/cwt) 2/	11.40	12.40	16.00	12.20	11.30	13.80	10.40	10.90	17.10	16.10
Tomatoes fresh (\$/cwt) 2/	31.80	35.80	31.60	20.20	20.60	29.10	27.50	33.50	22.70	22.60
Onions (\$/cwt)	12.50	13.00	15.80	12.10	8.34	8.25	12.80	9.13	9.55	9.72
Dry edible beans (\$/cwt)	15.80	19.90	24.10	22.90	25.20	25.30	27.20	24.80	21.30	23.80
Apples for fresh use (cts./lb.)	25.1	19.5	18.2	21.1	14.8	13.7	13.1	20.3	21.7	20.0
Pears for fresh use (\$/ton)	385.00	378.00	280.00	350.00	194.00	175.00	326.00	294.00	345.00	256.00
Oranges, all uses (\$/box) 3/	6.79	5.50	3.11	11.44	5.61	5.31	3.47	4.58	2.53	2.62
Grapefruit, all uses (\$/box) 3/	6.55	6.23	2.60	7.81	1.53	0.97	1.82	3.67	4.39	5.96
LIVESTOCK										
Beef cattle (\$/cwt)	72.87	71.33	73.38	69.10	87.20	62.70	82.90	85.90	63.50	61.60
Calves (\$/cwt)	99.93	89.38	95.92	93.90	89.60	84.90	83.90	84.50	80.10	77.60
Hogs (\$/cwt)	48.78	41.82	45.40	46.90	42.60	42.60	42.30	41.80	35.30	32.90
Lambs (\$/cwt)	52.49	60.79	64.60	64.50	54.70	61.10	72.00	75.00	73.00	68.30
All milk, sold to plants (\$/cwt)	12.27	13.15	12.86	13.10	12.90	12.70	12.30	12.50	12.80	13.10
Milk, manuf. grade (\$/cwt)	11.05	11.91	11.80	12.40	11.50	11.00	11.10	11.40	11.90	12.10
Broilers (cts./lb.)	31.0	30.8	34.2	35.0	37.1	37.7	36.9	35.1	35.5	34.7
Eggs (cts./doz.) 4/	66.0	58.2	62.7	60.0	58.2	58.2	57.2	59.9	60.5	57.8
Turkeys (cts./lb.)	37.7	37.8	39.0	43.2	39.5	40.0	41.2	41.7	42.6	44.3

1/ Season-average price by crop year for crops. Calendar year average of monthly prices for livestock. 2/ Excludes Hawaii. 3/ Equivalent on-tree returns. 4/ Average of all eggs sold by producers including hatching eggs & eggs sold at retail. P = preliminary. R = revised.
— = not available.

Information contact: Ann Duncan (202) 501-8541.

Producer & Consumer Prices

Table 6.—Consumer Price Index for All Urban Consumers, U.S. Average (Not Seasonally Adjusted)

	Annual	1993		1994						
	1993	Oct	Mar	Apr	May	June	July	Aug	Sept	Oct
	1982-84=100									
Consumer Price Index, all items	144.5	145.7	147.2	147.4	147.5	148.0	148.4	149.0	149.4	149.5
Consumer Price Index, less food	145.1	146.4	148.0	148.1	148.3	148.8	149.1	149.8	150.2	150.4
All food	140.9	141.6	143.2	143.4	143.5	143.6	144.2	144.8	145.0	145.0
Food away from home	143.2	144.0	144.8	145.1	145.3	145.5	145.8	145.9	146.2	146.4
Food at home	140.1	140.8	142.8	143.0	143.0	142.9	144.0	144.7	145.0	144.8
Meats 1/	134.6	135.9	136.4	136.0	136.2	135.4	134.7	135.1	135.0	135.0
Beef & veal	137.1	137.2	138.0	137.1	137.1	136.1	134.4	134.9	135.1	135.3
Pork	131.7	134.6	134.6	133.5	134.4	134.6	134.7	134.7	134.8	133.7
Poultry	136.9	139.2	140.1	140.9	141.8	143.6	144.1	141.7	143.3	141.5
Fish	156.6	157.4	161.8	163.7	161.6	162.6	163.2	163.6	164.9	164.8
Eggs	117.1	114.9	120.5	115.7	107.3	110.8	109.2	115.5	113.9	110.4
Dairy products 2/	129.4	129.5	131.8	131.8	132.0	132.2	131.8	131.8	131.3	131.5
Fats & oils 3/	130.0	130.0	132.6	133.2	133.4	133.5	135.1	134.1	134.2	135.0
Fresh fruit	188.8	197.7	199.1	198.1	204.6	193.3	199.6	201.9	203.9	199.1
Processed fruit	132.3	132.8	133.3	133.9	132.6	132.6	133.8	132.1	132.4	133.3
Fresh vegetables	168.4	157.7	167.0	163.9	162.8	168.7	170.2	163.7	163.5	167.0
Potatoes	154.6	152.1	179.8	186.3	179.9	185.7	184.1	190.4	188.8	157.3
Processed vegetables	130.8	131.7	135.7	136.4	137.2	137.3	138.4	138.6	137.7	136.8
Cereals & bakery products	156.8	158.1	160.4	162.5	162.3	163.4	163.9	164.7	164.8	164.6
Sugar & sweets	133.4	134.1	135.3	135.9	135.5	134.9	135.2	135.1	135.4	135.6
Beverages, nonalcoholic	114.8	115.4	116.0	115.5	115.6	115.8	122.8	131.3	132.1	132.7
Apparel										
Apparel, commodities less footwear	131.9	134.7	134.5	134.7	133.8	131.4	128.1	128.4	132.3	133.5
Footwear	125.9	127.3	127.0	128.0	128.5	127.3	125.0	124.5	125.1	125.5
Tobacco & smoking products	228.4	214.0	217.7	218.0	220.8	220.8	221.3	221.7	220.8	221.3
Beverages, alcoholic	149.8	150.1	151.4	151.8	151.5	151.7	151.6	151.3	151.4	151.6

1/ Beef, veal, lamb, pork, & processed meat. 2/ Includes butter. 3/ Excludes butter.

Information contact: Ann Duncan (202) 501-8541.

Table 7.—Producer Price Indexes, U.S. Average (Not Seasonally Adjusted)

	Annual			1993	1994					
	1991	1992	1993	Sept	Apr	May R	June	July	Aug	Sept
	1982 = 100									
All commodities	116.5	117.2	118.9	118.7	119.7	119.9	120.4	120.6	121.2	120.9
Finished goods 1/	121.7	123.2	124.7	123.9	125.0	125.3	125.5	126.0	126.6	125.5
All foods 2/	122.2	120.9	123.6	123.4	125.7	125.2	124.2	124.0	125.0	124.5
Consumer foods	124.1	123.3	125.7	125.7	127.1	126.6	125.9	126.2	127.1	126.4
Fresh fruit & melons	129.9	84.0	84.2	91.5	82.0	90.8	80.2	83.5	80.2	84.5
Fresh & dried vegetables	103.9	115.0	133.5	115.4	113.3	116.9	120.5	120.6	111.4	111.7
Dried fruit	111.8	114.6	118.2	117.9	120.9	123.3	123.3	121.6	122.3	119.0
Canned fruit & juice	128.6	134.5	126.1	126.3	126.7	126.0	126.4	126.2	125.8	125.5
Frozen fruit & juice	116.3	125.9	110.9	114.9	113.1	112.0	110.6	110.0	109.9	110.7
Fresh veg. excl. potatoes	100.2	116.4	126.4	115.2	91.4	91.2	94.9	104.8	95.7	107.1
Canned veg. & juices	112.9	109.5	110.6	110.9	116.5	117.9	118.6	119.4	121.4	116.2
Frozen vegetables	117.6	116.4	121.0	122.1	126.4	126.9	127.2	127.0	126.9	126.7
Potatoes	125.7	118.4	144.9	134.0	167.6	147.8	150.8	151.1	154.0	107.5
Eggs for fresh use (1991=100)	3/	78.6	86.6	75.7	81.5	69.2	74.9	73.7	81.6	81.4
Bakery products	146.6	152.5	156.6	157.3	159.2	159.8	160.1	160.3	160.3	160.5
Meats	113.5	106.7	110.5	110.2	108.5	106.9	103.5	101.2	104.8	102.2
Beef & veal	112.2	109.5	112.9	110.5	110.3	106.3	101.2	98.9	102.9	101.1
Pork	113.4	98.9	105.4	108.0	106.4	104.0	101.8	101.6	102.6	97.5
Processed poultry	109.9	109.0	111.6	115.3	117.3	117.8	117.1	116.9	115.2	115.9
Fish	149.5	156.1	156.7	147.9	159.9	157.7	160.1	159.1	160.7	162.2
Dairy products	114.6	117.9	118.1	119.3	121.4	121.2	118.7	117.3	118.6	118.8
Processed fruits & vegetables	119.6	120.8	118.3	119.1	121.7	122.0	122.2	122.2	122.7	120.9
Shortening & cooking oil	116.5	115.1	123.0	126.5	140.0	141.8	141.0	132.8	131.4	136.6
Soft drinks	125.5	125.6	126.3	125.6	127.1	127.1	126.8	126.7	126.0	126.2
Consumer finished goods less foods	118.7	120.8	121.7	120.5	120.7	121.2	121.9	122.5	123.3	122.0
Beverages, alcoholic	123.7	126.1	126.0	125.7	124.2	124.1	124.2	124.2	124.1	124.4
Apparel	119.6	122.2	123.2	123.3	123.3	123.5	123.3	123.4	123.6	123.5
Footwear	128.6	132.0	134.4	135.0	135.2	135.4	135.2	135.3	135.2	135.9
Tobacco products	249.7	275.3	260.1	213.5	224.7	224.7	224.8	224.7	223.1	223.9
Intermediate materials 4/	114.4	114.7	116.2	116.8	116.9	117.2	118.0	118.5	119.4	120.0
Materials for food manufacturing	115.3	113.9	115.6	116.3	120.7	120.1	118.1	118.4	117.9	118.6
Flour	96.9	109.5	109.3	106.3	110.2	111.5	108.4	101.9	102.5	111.1
Refined sugar 5/	121.6	119.8	118.3	119.4	117.9	118.0	118.5	118.9	118.9	118.3
Crude vegetable oils	103.0	97.1	110.3	111.5	137.2	138.1	136.6	123.5	122.1	133.0
Crude materials 6/	101.2	100.4	102.4	101.0	104.1	103.0	103.6	102.1	101.4	99.5
Foodstuffs & feedstuffs	105.5	105.1	108.4	107.7	113.1	109.7	107.7	104.0	101.7	101.2
Fruits & vegetables & nuts 7/	114.7	96.9	106.0	101.5	96.6	101.4	98.8	100.1	95.1	96.9
Grains	92.0	97.3	94.4	92.2	109.3	106.8	110.1	96.4	90.2	94.2
Livestock	107.9	104.7	107.0	105.7	104.9	98.5	92.4	94.3	98.8	91.3
Poultry, live	111.2	112.6	122.0	135.1	126.8	138.2	135.2	131.0	119.9	129.3
Fibers, plant & animal	115.1	89.8	91.3	89.4	123.4	129.2	129.4	114.5	118.7	122.1
Fluid milk	89.5	96.1	93.8	93.1	99.7	95.3	94.0	93.6	91.5	94.1
Oilseeds	106.4	107.5	115.9	118.4	125.3	125.5	129.9	117.2	107.7	107.6
Tobacco, leaf	101.1	101.0	99.6	99.6	98.9	98.9	—	98.9	91.1	102.8
Sugar, raw cane	113.7	112.1	113.2	115.3	115.4	115.6	116.9	117.3	115.0	114.4

1/ Commodities ready for sale to ultimate consumer. 2/ Includes all raw, intermediate, & processed foods (excludes soft drinks, alcoholic beverages, & manufactured animal feeds). 3/ New index beginning Dec. 1991. 4/ Commodities requiring further processing to become finished goods. 5/ All types & sizes of refined sugar. 6/ Products entering market for the first time that have not been manufactured at that point. 7/ Fresh & dried. R = revised.

Information contact: Ann Duncan (202) 501-8541.

Farm-Retail Price Spreads

Table 8.—Farm-Retail Price Spreads

	Annual			1994						
	1991	1992	1993	1993 Sept	Apr	May	June	July	Aug	Sept
Market basket 1/										
Retail cost (1982-84=100)	137.4	138.4	141.9	142.2	144.8	144.9	144.9	145.3	145.2	145.4
Farm value (1982-84=100)	106.1	103.4	104.9	104.2	103.0	102.9	99.9	97.8	98.8	98.2
Farm-retail spread (1982-84=100)	154.2	157.3	161.9	162.6	167.3	167.8	169.1	171.0	170.2	170.9
Farm value-retail cost (%)	27.0	26.2	25.9	25.7	24.9	24.9	24.2	23.5	23.8	23.6
Meat products										
Retail cost (1982-84=100)	132.5	130.7	134.8	135.5	136.0	136.2	135.4	134.7	135.1	135.0
Farm value (1982-84=100)	110.0	104.5	107.2	105.4	102.1	99.3	93.0	90.3	94.1	90.2
Farm-retail spread (1982-84=100)	155.8	157.5	162.8	166.4	170.8	174.0	178.9	180.3	177.1	181.0
Farm value-retail cost (%)	42.0	40.5	40.3	39.4	38.0	36.9	34.8	33.9	35.3	33.8
Dairy products										
Retail cost (1982-84=100)	125.1	128.5	129.4	129.6	131.8	132.0	132.2	131.8	131.8	131.3
Farm value (1982-84=100)	90.0	95.9	93.0	91.7	96.2	96.7	96.0	89.9	89.8	91.4
Farm-retail spread (1982-84=100)	157.5	158.8	162.9	164.5	164.6	164.5	165.6	170.5	170.6	168.1
Farm value-retail cost (%)	34.5	35.8	34.5	34.0	35.0	35.2	34.8	32.7	32.7	33.4
Poultry										
Retail cost (1982-84=100)	131.5	131.4	136.9	138.0	140.9	141.8	143.6	144.1	141.7	143.3
Farm value (1982-84=100)	102.5	104.0	111.5	118.5	114.6	119.7	121.5	120.0	115.3	118.8
Farm-retail spread (1982-84=100)	164.9	163.0	166.2	160.5	171.2	167.3	169.0	171.9	172.1	173.8
Farm value-retail cost (%)	41.7	42.4	43.6	46.0	43.5	45.2	45.3	44.6	43.6	43.8
Eggs										
Retail cost (1982-84=100)	121.2	108.3	117.1	113.4	115.7	107.3	110.8	109.2	115.5	113.9
Farm value (1982-84=100)	100.9	77.8	88.9	77.9	85.2	78.0	77.0	74.8	80.6	82.0
Farm-retail spread (1982-84=100)	157.8	163.2	167.8	177.2	170.4	159.8	171.5	171.4	178.2	171.3
Farm value-retail cost (%)	53.5	46.1	48.8	44.1	47.3	46.7	44.6	43.9	44.8	46.2
Cereal & bakery products										
Retail cost (1982-84=100)	145.8	151.5	156.6	157.7	162.5	162.3	163.4	163.9	164.7	164.8
Farm value (1982-84=100)	85.3	94.7	91.4	88.2	108.0	105.2	101.0	92.9	93.8	98.8
Farm-retail spread (1982-84=100)	154.3	159.4	165.8	167.4	170.1	170.3	172.1	173.8	174.6	174.0
Farm value-retail cost (%)	7.2	7.7	7.1	6.8	6.1	7.9	7.6	6.9	7.0	7.3
Fresh fruits										
Retail cost (1982-84=100)	200.1	189.6	195.8	203.7	205.0	212.5	200.6	207.4	208.6	212.5
Farm value (1982-84=100)	174.4	122.5	134.8	152.2	114.8	124.7	105.5	115.7	119.8	125.6
Farm-retail spread (1982-84=100)	211.9	220.8	224.0	227.5	246.7	253.1	244.5	249.7	249.7	252.8
Farm value-retail cost (%)	27.5	20.4	21.7	23.8	17.7	18.5	16.6	17.6	18.1	18.7
Fresh vegetables										
Retail costs (1982-84=100)	154.4	157.9	168.4	157.4	163.8	162.8	168.7	170.2	163.7	163.5
Farm value (1982-84=100)	110.8	120.5	128.4	111.1	102.5	104.2	112.3	117.0	115.0	112.0
Farm-retail spread (1982-84=100)	176.8	177.2	189.0	181.2	195.3	192.9	197.7	197.5	188.7	190.0
Farm value-retail cost (%)	24.4	25.9	25.9	24.0	21.3	21.7	22.6	23.3	23.9	23.3
Processed fruits & vegetables										
Retail cost (1982-84=100)	130.2	133.7	131.5	131.8	134.8	134.4	134.5	135.7	134.7	134.5
Farm value (1982-84=100)	120.8	129.0	106.3	107.9	111.1	111.5	111.0	113.7	113.8	111.2
Farm-retail spread (1982-84=100)	133.2	135.2	139.4	139.0	142.2	141.5	141.8	142.6	141.3	141.8
Farm value-retail cost (%)	22.0	22.9	19.2	19.5	19.8	19.7	19.6	19.9	20.0	19.7
Fats & oils										
Retail cost (1982-84=100)	131.7	129.8	130.0	130.0	133.2	133.4	133.5	135.1	134.1	134.2
Farm value (1982-84=100)	98.0	93.2	107.5	110.1	123.5	129.0	126.2	114.2	112.5	118.6
Farm-retail spread (1982-84=100)	144.2	143.3	138.3	137.3	136.8	135.0	136.2	142.8	142.1	140.0
Farm value-retail cost (%)	20.0	19.3	22.2	22.8	24.9	26.0	25.4	22.7	22.6	23.8
	Annual			1994						
	1991	1992	1993	1993 Oct	May	June	July	Aug	Sept	Oct
Beef, Choice										
Retail price 2/ (cts./lb.)	288.3	284.8	293.4	288.5	288.1	283.3	280.1	278.4	280.0	277.9
Wholesale value 3/ (cgs.)	182.5	179.8	182.5	171.8	167.6	158.5	160.4	166.6	162.0	159.2
Net farm value 4/ (cgs.)	160.2	161.8	164.1	151.0	145.8	133.9	137.2	140.8	136.8	136.8
Farm-retail spread (cgs.)	128.1	122.8	129.3	137.5	142.3	149.4	142.9	137.6	143.2	141.1
Wholesale-retail 5/ (cgs.)	105.8	105.0	110.9	116.9	120.5	124.8	119.7	111.8	118.0	118.7
Farm-wholesale 6/ (cgs.)	22.3	17.8	18.4	20.8	21.8	24.6	23.2	25.8	25.2	22.4
Farm value-retail price (%)	56	57	56	52	51	47	49	51	49	49
Pork										
Retail price 2/ (cgs./lb.)	211.9	198.0	197.6	201.2	198.8	199.0	200.5	199.1	197.3	197.3
Wholesale value 3/ (cgs.)	108.9	98.9	102.8	106.5	102.2	99.1	99.9	100.5	95.5	91.8
Net farm value 4/ (cgs.)	78.4	67.8	72.5	75.0	67.4	67.8	67.5	66.6	55.9	50.7
Farm-retail spread (cgs.)	133.5	130.2	125.1	126.2	131.4	131.2	133.0	132.5	141.4	146.6
Wholesale-retail 5/ (cgs.)	103.0	99.1	94.8	94.7	96.8	99.9	100.8	98.6	101.8	105.7
Farm-wholesale 6/ (cgs.)	30.5	31.1	30.3	31.5	34.8	31.3	32.4	33.9	39.6	40.9
Farm value-retail price (%)	37	34	37	37	34	34	34	33	28	26

1/ Retail costs are based on CPI-U of retail prices for domestically produced farm foods, published monthly by BLS. The farm value is the payment for the quantity of farm equivalent to the retail unit, less allowances for byproduct. Farm values are based on prices at first point of sale & may include marketing charges such as grading & packing for some commodities. The farm-retail spread, the difference between the retail price & the farm value, represents charges for assembling, processing, transporting, distributing. 2/ Weighted average price of retail cuts from pork & choice yield grade 3 beef. Prices from BLS. 3/ Value of wholesale (boxed beef) & wholesale cuts (pork) equivalent to 1 lb. of retail cuts adjusted for transportation costs & byproduct values. 4/ Market value to producer for live animal equivalent to 1 lb. of retail cuts, minus value of byproducts. 5/ Charges for retailing & other marketing services such as wholesaling, & in-city transportation. 6/ Charges for livestock marketing, processing, & transportation.

Information contacts: Denis Dunham (202) 219-0867, Larry Duwer (202) 219-1269.

(See the November 1994 issue.)
Information contact: Denis Dunham (202) 219-0867.

Table 10.—U.S. Meat Supply & Use

1/ Total including farm production for red meats & federally inspected plus nonfederally inspected for poultry. 2/ Retail weight basis. (The beef carcass-to-retail conversion factor was 70.5). 3/ Dollars per cwt for red meat; cents per pound for poultry. Beef: Medium # 1, Nebraska Direct 1,100-1,300 lb., pork: barrows & gilts, Iowa, Southern Minnesota; veal: farm price of calves; lamb & mutton: Choice slaughter lambs, San Angelo; broilers: wholesale 12-city average; turkeys: wholesale NY 8-16 lb. young hens. 4/ Carcass weight for red meats & certified ready-to-cook for poultry. 5/ Beginning in 1989, veal trade is no longer reported separately. F = forecast. — = not available.

Information contacts: Polly Cochran or Maxine Davis (202) 219-0998.

Table 11.—U.S. Egg Supply & Use

	Beg. stocks	Pro- duc- tion	Im- ports	Total supply	Ex- ports	Hatch- ing use	Ending stocks	Consumption		
								Total	Per capita	Wholesale price*
									No.	Cts./doz.
Million dozen										
1988	14.4	5,784.2	5.3	5,803.9	141.8	605.9	15.2	5,041.0	248.9	62.1
1989	15.2	5,598.2	25.2	5,638.5	91.6	643.9	10.7	4,892.4	237.3	81.9
1990	10.7	5,665.6	9.1	5,685.3	100.8	678.5	11.6	4,894.4	235.0	82.2
1991	11.6	5,779.3	2.3	5,793.3	154.5	708.6	13.0	4,917.2	233.5	77.5
1992	13.0	5,684.8	4.3	5,902.1	157.0	732.0	13.5	4,999.6	234.8	65.4
1993	13.5	5,960.2	4.7	5,978.3	158.9	769.3	10.7	5,039.4	234.2	72.5
1994 P	10.7	6,127.7	4.2	6,142.6	185.7	802.3	13.0	5,141.6	236.5	67-68
1995 F.	13.0	6,200.0	4.3	6,217.3	170.0	835.0	12.0	5,200.3	236.9	63-66

* Cartoned grade A large eggs, New York. F = forecast. P = preliminary.

Information contact: Maxine Davis (202) 501-8777.

Table 12.—U.S. Milk Supply & Use^{1/}

Production	Farm use	Commercial			Total commercial supply	CCC net removals	Commercial		All milk price 1/	CCC net removals		
		Farm marketings	Beg. stock	Imports			Ending stocks	Disappearance		Skim solids basis	Total solids basis 2/	
		Billion pounds (milkfat basis)								\$/cwt	Billion pounds	
1986	143.1	2.4	140.7	4.5	2.7	147.9	10.6	4.1	133.0	12.51	14.3	12.9
1987	142.7	2.3	140.5	4.1	2.5	147.1	6.8	4.6	135.7	12.54	9.3	8.3
1988	145.2	2.2	142.9	4.6	2.4	149.9	9.1	4.3	136.5	12.26	5.5	6.9
1989	144.2	2.1	142.2	4.3	2.5	149.0	9.4	4.1	135.4	13.58	0.4	4.0
1990	148.3	2.0	146.3	4.1	2.7	153.1	9.0	5.1	138.9	13.68	1.6	4.6
1991	148.5	2.0	146.5	5.1	2.6	154.3	10.4	4.5	139.4	12.24	3.9	6.5
1992	151.6	1.9	149.7	4.5	2.5	158.7	10.0	4.7	142.1	13.09	2.0	5.4
1993	151.0	1.9	149.0	4.7	2.8	158.6	6.7	4.6	145.2	12.86	4.2	5.2
1994 F	153.4	1.9	151.9	4.6	3.0	159.5	4.1	4.2	151.2	13.10	3.7	3.9

1/ Delivered to plants & dealers; does not reflect deductions. 2/ Arbitrarily weighted average of milkfat basis (40 percent) & skim solids basis (60 percent). F = forecast

Information contact: Jim Miller (202) 219-0770.

Table 13.—Poultry & Eggs

	Annual			1993		1994					
	1991	1992	1993	Sept	Apr	May	June	July	Aug	Sept	
Broilers											
Federally inspected slaughter, certified (mil. lb.)	19,727.7	21,052.4	22,176.1	1,914.9	1,923.2	1,986.7	2,073.1	1,875.8	2,210.7	2,087.1	
Wholesale price, 12-city (cts./lb.)	62.0	52.6	55.2	57.6	57.8	61.4	60.7	57.3	54.7	55.8	
Price of grower feed (\$/ton)	208	208	209	203	221	225	222	211	213	209	
Broiler-feed price ratio 1/	3.0	3.1	3.3	3.6	3.2	3.3	3.4	3.5	3.3	3.4	
Stocks beginning of period (mil. lb.)	241.6	300.4	367.9	343.9	373.2	403.8	414.5	400.0	405.3	411.2	
Broiler-type chicks hatched (mil.) 2/	6,616.5	6,892.8	7,218.3	582.6	629.2	661.0	648.0	650.1	658.1	630.0	
Turkeys											
Federally inspected slaughter, certified (mil. lb.)	4,651.9	4,828.9	4,847.7	436.0	380.8	415.6	457.9	405.6	483.6	433.8	
Wholesale price, Eastern U.S., 8-16 lb. young hens (cts./lb.)	61.3	60.2	62.6	66.7	61.6	63.1	64.6	65.3	66.4	69.0	
Price of turkey grower feed (\$/ton)	231	242	248	249	261	255	258	258	261	258	
Turkey-feed price ratio 1/	3.3	3.1	3.1	3.3	3.0	3.1	3.1	3.2	3.2	3.3	
Stocks beginning of period (mil. lb.)	306.4	264.1	271.7	678.6	346.5	399.1	463.7	545.3	598.2	623.4	
Poults placed in U.S. (mil.)	308.1	307.8	308.9	21.3	28.1	29.5	28.6	28.2	26.4	23.9	
Eggs											
Farm production (mil.)	69,352	70,618	71,522	5,876	6,035	6,158	5,962	6,188	6,262	6,114	
Average number of layers (mil.)	275	278	283	283	289	288	287	287	290	293	
Rate of lay (eggs per layer on farms)	252.4	253.9	252.6	20.7	20.9	21.4	20.8	21.5	21.6	20.9	
Cartoned price, New York, grade A large (cts./doz.) 3/	77.5	65.4	72.5	67.2	65.0	61.9	62.9	66.2	68.0	66.7	
Price of laying feed (\$/ton)	192	199	202	202	216	216	216	204	207	205	
Egg-feed price ratio 1/	6.8	5.7	6.2	5.5	5.7	5.4	5.4	5.6	5.8	5.9	
Stocks, first of month											
Shell (mil. doz.)	0.45	0.63	0.45	0.18	0.27	0.24	0.24	0.24	0.42	0.42	
Frozen (mil. doz.)	11.2	12.3	13.0	13.8	11.9	12.4	11.5	11.7	14.4	15.0	
Replacement chicks hatched (mil.)	420	386	406	31.8	35.7	35.2	31.9	30.3	31.5	30.9	

1/ Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight. 2/ Placement of broiler chicks is currently reported for 15 States only; henceforth, hatch of broiler-type chicks will be used as a substitute. 3/ Price of cartoned eggs to volume buyers for delivery to retailers.

Information contact: Maxine Davis (202) 501-8777.

Table 14.—Dairy

	Annual			1993	1994					
	1991	1992	1993	Sept	Apr	May	June	July	Aug	Sept
Milk prices, Minnesota-Wisconsin, 3.5% fat (\$/cwt) 1/	11.05	11.88	11.80	11.80	12.99	11.51	11.25	11.41	11.73	12.04
Wholesale prices										
Butter, grade A Chi. (cts./lb.)	99.3	82.5	74.4	74.3	65.5	84.5	65.1	66.9	71.5	71.5
Am. cheese, wis. assembly pl. (cts./lb.)	124.4	131.9	131.5	137.4	143.3	125.7	120.2	129.1	132.2	135.6
Nonfat dry milk (cts./lb.) 2/	94.0	107.1	112.0	109.2	110.8	108.5	106.1	105.6	106.5	106.6
USDA net removals 3/										
Total milk equiv. (mil. lb.) 4/	10,426.0	9,936.4	8,653.8	-510.8	380.9	1,039.0	455.4	97.7	-317.7	-62.6
Butter (mil. lb.)	442.9	439.5	288.8	-24.3	15.5	48.7	19.7	3.2	-18.0	-4.1
Am. cheese (mil. lb.)	76.9	14.4	8.3	0.4	0.1	0.1	0.2	0.2	0.2	0.2
Nonfat dry milk (mil. lb.)	269.5	136.7	304.3	14.1	37.7	16.3	27.1	29.0	28.4	22.1
Milk										
Milk prod. 21 States (mil. lb.)	125,671	128,223	127,383	10,138	11,038	11,452	10,998	10,998	10,830	10,451
Milk per cow (lb.)	14,977	15,544	15,880	1,253	1,377	1,428	1,368	1,369	1,348	1,301
Number of milk cows (1,000)	8,391	8,249	8,124	8,090	8,014	8,021	8,038	8,030	8,034	8,036
U.S. milk production (mil. lb.)	148,477	151,647	150,954	6/ 11,978	6/ 13,175	6/ 13,670	6/ 13,128	6/ 13,074	6/ 12,877	6/ 12,427
Stock, beginning										
Total (mil. lb.)	13,359	15,841	14,215	16,050	10,081	10,581	11,259	11,180	10,387	9,049
Commercial (mil. lb.)	5,146	4,481	4,688	5,277	4,776	5,179	5,502	5,413	5,255	4,886
Government (mil. lb.)	8,213	11,379	9,526	10,774	5,305	5,401	5,757	5,766	5,113	4,162
Imports, total (mil. lb.)	2,625	2,524	2,807	224	255	191	226	254	231	—
Commercial disappearance (mil. lb.)	139,343	142,081	145,348	12,796	12,510	12,338	12,833	13,227	13,634	—
Butter										
Production (mil. lb.)	1,335.8	1,365.2	1,315.2	86.3	119.3	118.8	102.4	86.2	88.7	90.8
Stocks, beginning (mil. lb.)	416.1	539.4	447.7	473.3	253.5	265.7	281.4	275.1	245.9	206.6
Commercial disappearance (mil. lb.)	903.5	944.2	1,040.6	113.2	92.8	72.2	89.9	85.7	105.4	—
American cheese										
Production (mil. lb.)	2,768.9	2,938.6	2,957.3	222.8	254.3	264.0	266.8	254.0	241.8	245.2
Stocks, beginning (mil. lb.)	347.4	318.7	346.7	396.7	350.5	357.4	383.5	388.9	375.4	327.9
Commercial disappearance (mil. lb.)	2,756.7	2,902.7	2,945.6	229.0	248.1	238.4	266.0	267.6	290.5	—
Other cheese										
Production (mil. lb.)	3,285.9	3,551.7	3,570.9	308.3	299.0	323.5	296.5	295.6	311.0	318.7
Stocks, beginning (mil. lb.)	110.6	97.5	120.9	122.3	123.2	130.8	133.1	134.8	131.1	147.2
Commercial disappearance (mil. lb.)	3,575.2	3,795.4	3,884.3	344.5	320.6	343.3	318.7	327.6	320.6	—
Nonfat dry milk										
Production (mil. lb.)	677.5	872.1	848.1	52.1	123.2	132.3	115.8	97.8	86.5	79.9
Stocks, beginning (mil. lb.)	161.8	214.8	81.2	133.8	67.4	89.8	124.9	149.0	159.8	152.4
Commercial disappearance (mil. lb.)	662.7	720.5	642.3	76.0	82.6	76.7	68.6	87.9	83.6	—
Frozen dessert										
Production (mil. gal.) 5/	1,203.1	1,195.8	1,198.3	102.2	110.8	112.6	123.6	120.5	118.8	96.0
	Annual			1993				1994		
	1991	1992	1993	I	II	III	IV	I	II	III
Milk production (mil. lb.)	148,477	151,647	150,954	37,608	39,411	37,364	36,571	37,692	39,973	38,378
Milk per cow (lb.)	14,860	15,419	15,554	3,848	4,052	3,862	3,792	3,921	4,148	3,975
No. of milk cows (1,000)	9,992	9,835	9,705	9,773	9,727	9,675	9,644	9,612	9,641	9,656
Milk-feed price ratio	1.58	1.59	1.64	1.81	1.67	1.62	1.66	1.65	1.60	1.57
Returns over concentrate costs (\$/cwt milk)	8.95	9.95	9.54	9.05	9.55	9.35	9.95	10.10	9.60	9.15

1/ Manufacturing grade milk. 2/ Prices paid f.o.b. Central States production area. 3/ Includes products exported through the Dairy Export Incentive Program (DEIP). 4/ Milk equivalent, fat basis. 5/ Hard ice cream, ice milk, & hard sherbet. 6/ Estimated. — = not available.

Information contact: LaVerne T. Williams (202) 219-1268.

Table 15.—Wool

	Annual			1993				1994		
	1991	1992	1993	I	II	III	IV	I	II	III
U.S. wool price, (cts./lb.) 1/	199	204	137	146	134	136	132	153	219	238
Imported wool price, (cts./lb.) 2/	187	210	142	150	137	128	150	171	192	200
U.S. mill consumption, scoured										
Apparel wool (1,000 lb.)	137,187	138,143	139,941	35,549	35,910	35,502	34,419	36,452	35,605	32,806
Carpet wool (1,000 lb.)	14,352	14,695	15,665	4,513	4,343	2,650	3,925	4,380	3,414	3,570

1/ Wool price delivered at U.S. mills, clean basis, Graded Territory 64's (20.60-22.04 microns) staple 2-3/4" & up. 2/ Wool price, Charleston, SC warehouse, clean basis, Australian 60/62's, type 64A (24 micron). Duty since 1982 has been 10.0 cents. — = not available.

Information contact: John Lawler (202) 501-8525.

Table 16.—Meat Animals

	Annual			1993	1994					
	1991	1992	1993	Sept	Apr	May	June	July	Aug	Sept
Cattle on feed (7 States)										
Number on feed (1,000 head) 1/	8,992	8,397	9,073	7,734	8,867	8,581	8,215	7,554	7,383	7,376
Placed on feed (1,000 head)	19,704	20,498	20,393	2,158	1,409	1,425	1,205	1,584	1,838	2,090
Marketings (1,000 head)	19,071	18,623	18,988	1,642	1,810	1,699	1,785	1,730	1,787	1,858
Other disappearance (1,000 head)	1,233	1,199	1,199	86	82	82	101	55	58	50
Market prices (\$/cwt)										
Slaughter Cattle										
Choice steers, 1,100-1,300 lb.										
Texas	74.21	75.35	76.36	73.11	75.16	68.09	63.13	64.88	66.42	66.21
Neb. Direct	74.68	75.71	77.02	73.48	75.48	67.00	63.80	66.58	68.04	66.79
Boning utility cows, Sioux Falls	50.68	44.84	47.52	47.87	47.31	46.87	44.50	44.00	43.74	40.58
Feeder steers										
Medium no. 1, Oklahoma City										
600-650 lb.	---	68.47	91.72	91.60	89.44	85.15	81.47	82.34	82.95	76.63
750-800 lb.	---	81.76	86.45	87.03	81.19	76.08	75.63	78.00	77.45	73.66
Slaughter hogs										
Barrows & gilts, 230-250 lb										
Iowa, S. Minn.	49.69	43.03	46.10	48.80	42.83	42.87	43.01	42.93	42.72	35.86
6 markets	48.88	42.31	45.38	48.19	42.48	42.24	42.80	42.42	42.33	35.46
Feeder pigs										
S. Mo. 40-50 lb. (per head)	44.52	31.71	40.66	39.78	42.60	35.72	28.74	28.83	29.73	24.71
Slaughter sheep & lambs										
Lambs, Choice, San Angelo	53.21	61.00	65.85	66.08	51.25	60.94	66.92	75.33	79.50	78.00
Ewes, Good, San Angelo	31.88	35.24	37.46	34.94	39.45	39.00	43.00	39.50	39.00	38.44
Feeder lambs										
Choice, San Angelo	53.29	62.21	69.32	68.75	61.95	64.70	65.82	70.75	70.08	67.94
Wholesale meat prices, Midwest										
Boxed beef cut-out value										
Choice, 700-800 lb.	117.24	116.02	117.71	112.10	113.99	107.79	102.10	103.78	106.04	102.16
Select, 700-800 lb.	112.73	111.66	113.53	109.59	111.96	103.44	97.49	98.03	99.63	96.72
Canner & cutter cow beef	99.42	93.85	95.43	94.72	91.82	90.51	84.28	85.90	82.31	79.82
Pork cutout, No. 2	87.02	58.37	62.19	66.11	59.81	58.45	57.53	57.74	59.33	54.61
Pork loins, 14-18 lb.	108.39	101.41	107.47	119.74	101.89	103.99	103.84	109.79	112.88	105.34
Pork bellies, 12-14 lb.	47.79	30.39	41.62	43.82	46.84	41.40	40.39	38.64	39.80	31.50
Hams, skinned, 20-26 lb.	73.55	66.67	66.90	76.06	57.76	54.44	55.61	54.56	54.92	49.22
All fresh beef retail price	271.05	266.79	273.43	271.74	267.25	267.60	263.42	263.92	264.75	264.86
Commercial slaughter (1,000 head) 2/										
Cattle	32,689	32,874	33,324	2,869	2,712	2,835	3,039	2,821	3,060	2,944
Steers	16,728	17,138	17,222	1,477	1,448	1,577	1,705	1,586	1,685	1,583
Heifers	9,725	9,236	9,358	816	752	760	845	775	821	839
Cows	5,823	5,846	6,086	518	456	443	434	410	490	484
Bulls & stags	614	653	659	80	54	55	55	50	64	58
Calves	1,436	1,371	1,195	97	94	93	101	85	108	109
Sheep & lambs	5,721	5,496	5,182	426	410	435	392	318	400	401
Hogs	88,169	94,889	93,068	7,947	7,782	7,561	7,828	7,099	8,190	8,384
Barrows & gilts	83,668	89,964	88,387	7,522	7,418	7,193	7,202	6,669	7,744	7,963
Commercial production (mil. lb.)										
Beef	22,800	22,988	22,942	2,027	1,902	1,985	2,157	2,027	2,215	2,136
Veal	290	299	267	22	22	22	24	21	24	23
Lamb & mutton	358	343	329	27	27	28	24	19	24	23
Pork	15,948	17,184	17,030	1,440	1,432	1,397	1,411	1,294	1,493	1,539

	Annual			1993			1994			
	1991	1992	1993	II	III	IV	I	II	III	IV
Cattle on feed (13 States)										
Number on feed (1,000 head) 1/	10,827	10,135	10,884	10,452	9,473	9,651	11,108	10,824	9,024	9,142
Placed on feed (1,000 head)	23,208	24,241	24,022	5,314	6,341	7,046	5,347	4,676	6,295	—
Marketings (1,000 head)	22,383	22,058	22,316	5,833	5,893	5,279	5,554	5,948	5,988	—
Other disappearance (1,000 head)	1,517	1,436	1,484	460	270	315	275	329	191	—
Hogs & pigs (10 States) 3/										
Inventory (1,000 head) 1/	42,900	45,735	46,240	45,080	46,420	46,920	48,180	45,830	47,965	49,180
Breeding (1,000 head) 1/	5,257	6,610	5,515	5,470	5,630	5,610	5,595	6,595	5,815	5,820
Market (1,000 head) 1/	37,643	40,125	40,725	39,610	40,790	41,310	40,585	40,235	42,150	43,330
Farrowings (1,000 head)	9,518	9,625	9,292	2,521	2,332	2,301	2,286	2,566	2,438	2,485
Pig crop (1,000 head)	75,330	78,620	75,355	20,465	18,849	19,007	18,522	21,454	20,073	—

1/ Beginning of period. 2/ Cattle estimated. 3/ Quarters are Dec. of preceding year—Feb. (I), Mar.—May (II), June—Aug. (III), & Sept.—Nov. (IV).

* Intentions.

Information contact: Polly Cochran (202) 219-0767.

Crops & Products

Table 17.—Supply & Utilization^{1,2}

	Area		Harvested	Yield	Production	Total supply ^{4/}	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price ^{5/}
	Set aside ^{3/}	Planted										
	M. l. acres			Bu./acre				Mill. bu.				\$/bu.
Wheat												
1989/90	9.6	76.6	62.2	32.7	2,037	2,761	139	853	1,232	2,224	536	3.72
1990/91	7.5	77.2	69.3	39.5	2,736	3,309	491	882	1,069	2,443	866	2.61
1991/92	15.9	69.9	57.7	34.3	1,981	2,888	246	887	1,282	2,416	472	3.00
1992/93*	7.3	72.3	62.4	39.4	2,459	3,001	186	933	1,354	2,472	529	3.24
1993/94*	5.7	72.2	62.7	38.3	2,403	3,041	278	985	1,228	2,470	570	3.28
1994/95*	4.7	70.5	61.7	37.6	2,320	2,975	225	982	1,250	2,457	518	3.25-3.65
	Mill. acres			Lb./acre				Mill. cwt (rough equiv.)				\$/cwt
Rice												
1989/90	1.2	2.73	2.69	5,749	154.5	185.6	—	8/ 82.0	77.2	159.2	26.4	7.35
1990/91	1.0	2.90	2.82	5,529	156.1	187.2	—	8/ 81.8	70.9	162.7	24.8	6.88
1991/92	0.9	2.88	2.78	5,674	157.5	187.3	—	8/ 83.5	68.4	159.9	27.4	7.58
1992/93*	0.4	3.18	3.13	5,736	179.7	213.2	—	8/ 96.7	77.0	173.7	39.4	5.89
1993/94*	0.7	2.92	2.83	5,510	156.1	202.5	—	8/ 87.0	79.4	178.4	26.0	8.08
1994/95*	0.3	3.38	3.30	5,954	196.5	230.5	—	8/ 102.0	83.0	185.0	45.5	5.25-6.75
	Mill. acres			Bu./acre				Mill. bu.				\$/bu.
Corn												
1989/90	10.8	72.2	64.7	116.3	7,525	9,458	4,389	1,356	2,368	8,113	1,344	2.36
1990/91	10.7	74.2	67.0	118.5	7,934	9,282	4,683	1,373	1,725	7,761	1,521	2.28
1991/92	7.4	76.0	68.8	108.6	7,475	9,016	4,878	1,454	1,584	7,916	1,100	2.37
1992/93*	5.3	79.3	72.2	131.4	9,482	10,589	5,301	1,511	1,863	8,476	2,113	2.07
1993/94*	10.9	73.3	63.0	100.7	6,344	8,478	4,711	1,588	1,328	7,828	850	2.50
1994/95*	2.2	79.1	72.3	138.4	10,010	10,885	5,500	1,685	1,825	8,810	2,055	1.65-2.25
	Mill. acres			Bu./acre				Mill. bu.				\$/bu.
Sorghum												
1989/90	3.3	12.6	11.1	55.4	815	1,055	517	15	303	835	220	2.10
1990/91	3.3	10.5	9.1	63.1	573	793	410	9	232	651	143	2.12
1991/92	2.5	11.1	9.9	59.3	585	727	374	8	292	674	53	2.25
1992/93*	2.0	13.3	12.2	72.8	884	937	478	8	277	762	175	1.89
1993/94*	2.3	10.6	9.5	59.9	569	743	486	7	202	695	48	2.31
1994/95*	1.5	9.7	8.8	70.5	622	669	375	8	220	603	66	1.65-2.05
	Mill. acres			Bu./acre				Mill. bu.				\$/bu.
Barley												
1989/90	2.3	9.1	8.3	48.6	404	614	193	175	84	453	181	2.42
1990/91	2.9	8.2	7.5	56.1	422	596	205	176	81	461	135	2.14
1991/92	2.2	8.9	8.4	55.2	464	624	225	176	94	498	129	2.10
1992/93*	2.3	7.8	7.3	62.5	458	598	195	172	80	447	151	2.04
1993/94*	2.5	7.8	6.8	58.9	400	623	243	175	66	484	139	1.99
1994/95*	2.4	7.2	6.7	56.2	375	579	215	175	60	450	129	1.90-2.10
	Mill. acres			Bu./acre				Mill. bu.				\$/bu.
Oats												
1989/90	0.4	12.1	6.9	54.3	374	538	266	115	1	381	157	1.49
1990/91	0.2	10.4	5.9	60.1	358	578	286	120	1	407	171	1.14
1991/92	0.6	8.7	4.8	50.7	243	489	235	125	2	362	128	1.21
1992/93*	0.7	8.0	4.5	65.6	295	477	234	125	6	364	113	1.32
1993/94*	0.8	7.9	3.8	54.4	206	426	193	125	3	321	106	1.36
1994/95*	0.8	6.6	4.0	57.2	230	415	175	125	1	301	114	1.20-1.30
	Mill. acres			Bu./acre				Mill. bu.				\$/bu.
Soybeans												
1989/90	0.0	60.8	59.5	32.3	1,924	2,109	7/ 101	1,146	623	1,870	239	5.69
1990/91	0.0	57.8	56.5	34.1	1,926	2,168	7/ 95	1,187	557	1,839	329	5.74
1991/92	0.0	59.2	58.0	34.2	1,987	2,319	7/ 103	1,254	684	2,041	278	5.58
1992/93*	0.0	59.1	58.2	37.6	2,188	2,468	7/ 127	1,279	770	2,176	292	5.66
1993/94*	0.0	60.1	57.3	32.6	1,869	2,167	7/ 97	1,272	589	1,958	209	6.40
1994/95*	0.0	61.9	60.8	41.5	2,523	2,737	7/ 117	1,355	770	2,242	495	4.80-5.50
	Mill. acres			Bu./acre				Mill. bu.				\$/bu.
Soybean oil								Mill. lbs.				¢/ Cts./lb.
1989/90	—	—	—	—	13,004	14,741	—	12,083	1,353	13,436	1,305	22.30
1990/91	—	—	—	—	13,408	14,730	—	12,164	780	12,944	1,788	21.00
1991/92	—	—	—	—	14,345	16,132	—	12,245	1,648	13,893	2,239	19.10
1992/93*	—	—	—	—	13,778	16,027	—	13,053	1,419	14,472	1,555	21.40
1993/94*	—	—	—	—	13,912	15,537	—	12,975	1,471	14,446	1,091	27.00
1994/95*	—	—	—	—	15,229	16,335	—	13,150	1,850	15,000	1,335	24.5-27.5
	Mill. acres			Bu./acre				1,000 tons				¢/ \$/ton
Soybean meal												
1989/90	—	—	—	—	27,719	27,900	—	22,263	5,319	27,582	318	188.48
1990/91	—	—	—	—	28,325	28,688	—	22,934	5,469	28,403	285	181.40
1991/92	—	—	—	—	28,831	30,183	—	23,008	6,945	29,953	230	189.20
1992/93*	—	—	—	—	30,364	30,687	—	24,251	6,232	30,483	204	193.75
1993/94*	—	—	—	—	30,417	30,686	—	25,161	5,375	30,536	150	193.00
1994/95*	—	—	—	—	32,190	32,400	—	26,200	5,900	32,100	300	150-185

See footnotes at end of table.

Table 17.—Supply & Utilization, continued

	Area		Harvested	Yield	Production	Total supply ^{4/}	Feed and residual	Other domestic use	Exports	Total use	Ending Stocks	Farm price ^{5/}
	Set Aside ^{3/}	Planted										
	Mil. acres			Lb./acre				Mil. bales				Cts./lb.
Cotton 10/												
1989/90	3.5	10.6	9.5	814	12.2	19.3	—	8.8	7.7	18.5	3.0	66.20
1990/91	2.0	12.3	11.7	634	15.5	18.5	—	8.7	7.8	18.5	2.3	67.10
1991/92	1.2	14.1	13.0	852	17.6	20.0	—	9.8	6.7	18.3	3.7	68.10
1992/93*	1.7	13.2	11.1	698	16.2	19.9	—	10.3	5.2	15.5	4.7	54.90
1993/94	1.4	13.5	12.8	806	18.1	20.8	—	10.4	7.0	17.3	3.8	59.00
1994/95*	1.7	14.1	13.4	695	19.4	22.9	—	11.0	7.2	18.2	4.9	11/

* Nov. 8, 1994 Supply & Demand Estimates. 1/ Marketing year beginning June 1 for wheat, barley, & oats, August 1 for cotton & rice, September 1 for soybeans, corn, & sorghum, October 1 for soybean meal & soyoil. 2/ Conversion factors: Hectares (ha.) = 2.471 acres, 1 metric ton = 2204.622 pounds, 36.7437 bushels of wheat or soybeans, 39.3679 bushels of corn or sorghum, 45.8286 bushels of barley, 68.8944 bushels of oats, 22.046 cwt of rice, & 4 59 480-pound bales of cotton. 3/ Includes diversion, acreage reduction, 50-92, & 0-92 programs. 0/92 & 50/92 set-asides includes idled acreage & acreage planted to minor oilseeds, sesame, and crambe. 4/ Includes imports. 5/ Marketing-year weighted average price received by farmers. Does not include an allowance for loans outstanding & Government purchases. 6/ Residual included in domestic use. 7/ Includes seed. 8/ Simple average of crude soybean oil, Decatur. 9/ Simple average of 48 percent, Decatur. 10/ Upland & extra long staples. Stocks estimates based on Census Bureau data, resulting in an unaccounted difference between supply & use estimates & changes in ending stocks. 11/ USDA is prohibited from publishing cotton price projections. — = not available or not applicable.

Information contacts: Wheat, rice & feed grains, Jenny Gonzales (202) 501-8552; soybeans, soybean products & cotton, Mae Dean Johnson (202) 501-8522

Table 18.—Cash Prices, Selected U.S. Commodities

	Marketing year 1/				1993	1994				
	1989/90	1990/91	1991/92	1992/93	Sept	May	June	July	Aug	Sept
Wheat, No. 1 HRW, Kansas City (\$/bu.) 2/	4.22	2.94	3.77	3.67	3.37	3.85	3.90	3.48	3.70	4.05
Wheat, DNS, Minneapolis (\$/bu.) 3/	4.18	3.08	3.82	3.91	4.90	5.05	4.20	4.14	4.00	4.27
Rice, S.W. La. (\$/cwt) 4/	15.55	15.25	18.60	13.30	12.80	21.00	17.50	16.40	14.30	14.65
Corn, no. 2 yellow, 30 day, Chicago (\$/bu.)	2.54	2.41	2.52	2.22	2.34	2.75	2.71	2.32	2.24	2.17
Sorghum, no. 2 yellow, Kansas City (\$/cwt)	4.21	4.08	4.36	3.74	3.89	4.38	4.43	3.79	3.73	3.72
Barley, feed, Duluth (\$/bu.) 5/	2.20	2.13	2.17	2.11	1.89	2.11	2.05	2.02	1.99	2.04
Barley, malting, Minneapolis (\$/bu.)	3.28	2.42	2.36	2.37	2.18	2.84	2.88	2.57	2.48	2.57
U.S. price, SLM, 1-1/16 in. (cts./lb.) 6/	89.8	74.8	56.7	54.1	54.0	79.3	76.9	71.7	70.3	71.1
Northern Europe prices index (cts./lb.) 7/	82.3	82.9	82.9	58.9	55.1	86.1	85.1	81.7	78.7	75.0
U.S. M 1-3/32 in. (cts./lb.) 8/	83.8	88.2	86.3	82.5	58.9	90.6	86.1	79.9	77.3	77.6
Soybeans, no. 1 yellow, 30 day, Chicago (\$/bu.)	5.88	5.78	5.75	5.98	8.32	6.79	6.79	6.05	5.75	5.88
Soybean oil, crude, Decatur (cts./lb.)	22.30	21.00	19.10	21.40	23.51	27.72	27.51	24.50	24.50	26.15
Soybean meal, 48% protein, Decatur (\$/ton) 9/	186.50	181.40	189.20	193.75	199.90	193.07	195.50	181.10	178.60	174.50

1/ Beginning June 1 for wheat & barley; Aug. 1 for rice & cotton; Sept. 1 for corn, sorghum & soybeans; Oct. 1 for soybean meal & oil. 2/ Ordinary protein. 3/ 14% protein. 4/ Long grain, milled basis. 5/ Beginning Mar. 1987 reporting point changed from Minneapolis to Duluth. 6/ Average spot market. 7/ Liverpool Cotton "A" index, average of five lowest prices of 13 selected growths. 8/ Memphis territory growths. 9/ Note change to 48% protein.

Information contacts: Wheat, rice, & feed grains, Jenny Gonzales (202) 501-8552; Soybeans, soybean products, & cotton, Mae Dean Johnson (202) 501-8522.

Table 19.—Farm Programs, Price Supports, Participation & Payment Rates

	Target price	Basic loan rate	Findley or announced loan rate 1/	Payment rates			Effective base acres 2/	Program 3/	Participation rate 4/
				Paid land diversion					
				Total deficiency	Mandatory %	Optional			
				\$/bu.			Mil. acres	Percent of base	Percent of base
Wheat									
1988/89	4.23	2.78	2.21	0.89	---	---	84.6	27.5/0/0	88
1989/90	4.10	2.58	2.08	0.32	---	---	82.3	10/0/0	78
1990/91 5/	4.00	2.44	1.95	1.28	---	---	80.5	6/ 5/0/0	83
1991/92	4.00	2.52	2.04	*1.35	---	---	79.2	15/0/0	85
1992/93	4.00	2.58	2.21	0.81	---	---	78.9	5/0/0	83
1993/94	4.00	2.86	2.45	**1.03	---	---	78.4	0/0/0	88
1994/95	4.00	2.72	2.58	***0.95	---	---	78.2	0/0/0	87
1995/96	4.00	---	---	---	---	---	---	0/0/0	---
Rice									
1988/89	11.15	6.63	7/ 6.50	4.31	---	---	4.2	25/0/0	94
1989/90	10.80	6.50	7/ 6.00	3.58	---	---	4.2	25/0/0	94
1990/91 5/	10.71	6.50	7/ 5.40	4.18	---	---	4.2	20/0/0	95
1991/92	10.71	6.50	7/ 5.85	3.07	---	---	4.2	5/0/0	95
1992/93	10.71	6.50	7/ 4.70	4.21	---	---	4.1	0/0/0	98
1993/94	10.71	6.50	7/ 5.75	**3.98	---	---	4.1	5/0/0	97
1994/95	10.71	6.50	7/ ---	***3.44	---	---	4.2	0/0/0	94
Corn									
1988/89	2.93	2.21	1.77	0.38	---	1.75	82.9	20/0/10	87
1989/90	2.84	2.08	1.65	0.58	---	---	82.7	10/0/0	79
1990/91 5/	2.75	1.96	1.57	0.51	---	---	82.6	10/0/0	78
1991/92	2.75	1.89	1.62	0.41	---	---	82.7	7.5/0/0	77
1992/93	2.75	2.01	1.72	0.73	---	---	82.1	5/0/0	76
1993/94	2.75	1.99	1.72	**0.28	---	---	81.8	10/0/0	81
1994/95	2.75	1.99	1.89	***0.45	---	---	81.6	0/0/0	82
Sorghum									
1988/89	2.78	2.10	1.88	0.48	---	1.65	18.8	20/0/10	82
1989/90	2.70	1.96	1.57	0.69	---	---	16.2	10/0/0	71
1990/91 5/	2.61	1.86	1.49	0.56	---	---	15.4	10/0/0	70
1991/92	2.61	1.80	1.54	0.37	---	---	13.5	7.5/0/0	77
1992/93	2.61	1.91	1.63	0.72	---	---	13.9	5/0/0	79
1993/94	2.61	1.89	1.63	**0.25	---	---	13.5	5/0/0	82
1994/95	2.61	1.89	1.80	***0.51	---	---	13.5	0/0/0	81
Barley									
1988/89	2.51	1.80	1.44	0.00	---	1.40	12.5	20/0/10	79
1989/90	2.44	1.68	1.34	0.00	---	---	12.3	10/0/0	67
1990/91 5/	2.38	1.60	1.28	0.20	---	---	11.9	10/0/0	68
1991/92	2.38	1.54	1.32	0.62	---	---	11.5	7.5/0/0	76
1992/93	2.38	1.64	1.40	0.58	---	---	11.1	5/0/0	75
1993/94	2.36	1.62	1.40	**0.67	---	---	10.8	0/0/0	83
1994/95	2.36	1.62	1.54	***0.51	---	---	10.7	0/0/0	84
Oats									
1988/89	1.55	1.14	0.91	0.00	---	---	7.9	5/0/0	30
1989/90	1.50	1.06	0.85	0.00	---	---	7.8	5/0/0	18
1990/91 5/	1.45	1.01	0.81	0.32	---	---	7.5	5/0/0	09
1991/92	1.45	0.97	0.83	0.35	---	---	7.3	0/0/0	38
1992/93	1.45	1.03	0.88	0.17	---	---	7.2	0/0/0	40
1993/94	1.45	1.02	0.88	**0.11	---	---	7.1	0/0/0	46
1994/95	1.45	1.02	0.97	***0.15	---	---	6.8	0/0/0	41
Soybeans 9/									
1988/89	---	---	4.77	---	---	---	---	---	---
1989/90	---	---	4.53	---	---	---	---	---	---
1990/91 5/	---	---	4.50	---	---	---	---	---	---
1991/92	---	---	5.02	---	---	---	---	---	---
1992/93	---	---	5.02	---	---	---	---	---	---
1993/94	---	---	5.02	---	---	---	---	---	---
1994/95	---	---	4.92	---	---	---	---	---	---
Upland cotton									
				Cts./lb.					
1988/89	75.9	51.80	11/ 51.80	19.4	---	---	14.5	12.5/0/0	89
1989/90	73.4	50.00	11/ 50.00	13.1	---	---	14.8	25/0/0	89
1990/91 5/	72.8	50.27	11/ 50.27	7.3	---	---	14.4	12.5/0/0	88
1991/92 12/	72.8	50.77	11/ 47.23	10.1	---	---	14.8	5/0/0	84
1992/93	72.9	52.35	11/ 43.80	20.3	---	---	14.9	10/0/0	89
1993/94	72.9	52.35	11/ 48.00	**19.4	---	---	15.1	7.5/0/0	91
1994/95	72.9	50.00	11/ ---	***6.9	---	---	15.3	11/0/0	89

1/ There are no Findley loan rates for rice or cotton. See footnotes 7/ & 11/. 2/ National effective crop acreage base as determined by ASCS. Net of CRP. 3/ Program requirements for participating producers (mandatory acreage reduction program/mandatory paid land diversion/optional paid land diversion). Acres titled must be devoted to a conserving use to receive program benefits. 4/ Percentage of effective base acres enrolled in acreage reduction programs. 5/ Payments & loans were reduced by 1.4 percent in 1990/91 due to Gramm-Rudman-Hollings. Budget Reconciliation Act reductions to deficiency payment rates were also in effect in that year. Data do not include these reductions. 6/ Under 1990 modified contracts, participating producers plant up to 105 percent of their wheat base acres. For every acre planted above 95 percent of base, the acreage used to compute deficiency payments was cut by 1 acre. 7/ A marketing loan has been in effect for rice since 1985/86. Loans may be repaid at the lower of: a) the loan rate or b) the adjusted world market price (announced weekly). However, loans cannot be repaid at less than a specified fraction of the loan rate. Data refer to market-year average loan repayment rates. 8/ The sorghum, oats, & barley programs are the same as for corn except as indicated. 9/ There are no target prices, base acres, acreage reduction programs, or deficiency payment rates for soybeans. 10/ Nominal percentage of program crop base acres permitted to shift into soybeans without loss of base. 11/ A marketing loan has been in effect for cotton since 1988/87. In 1987/88 & after, loans may be repaid at the lower of: a) the loan rate or b) the adjusted world market price (announced weekly; Plan B). Starting in 1991/92, loans cannot be repaid at less than 70 percent of the loan rate. Data refer to annual average loan repayment rates. 12/ A marketing certificate program was implemented on Aug. 1, 1991. — = not available.

* For wheat, the 1991/92 rate is the total deficiency payment rate for the "regular" program. For the winter wheat option, the rate is \$1.25.

** For wheat, corn, sorghum, barley and oats, regular deficiency payment rate based on the 5-month price. For rice and upland cotton, total deficiency payment rate.

*** Estimated total deficiency payment rate based on Fiscal Year 1995 President's Budget Mid-Session Review.

Note: 1993 effective base acres and participation rates are from the May 18 Final Compliance Report.

Source: National Agricultural Statistics Service, Agricultural Outlook, December 1994.

	1985	1986	1987	1988	1989	1990	1991	1992	1993 P
Citrus 1/									
Production (1,000 ton)	10,525	11,058	11,993	12,761	13,186	10,860	11,285	12,452	15,274
Per capita consumpt. (lbs.) 2/	21.5	24.2	23.9	25.4	23.5	21.4	19.1	24.4	26.0
Noncitrus 3/									
Production (1,000 tons)	14,191	13,874	16,011	15,893	16,365	15,657	15,748	17,116	16,556
Per capita consumpt. (lbs.) 2/	65.4	68.9	72.5	72.4	73.1	71.1	70.6	73.9	74.0
					1994				
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
F.o.b. shipping point prices...									
Apples (\$/carton) 4/	12.00	13.00	12.30	11.25	10.43	10.00	15.40	12.93	12.18
Pears (\$/box) 5/	16.40	16.33	14.00	15.00	7.70	16.38	16.00	—	—
Grower prices									
Oranges (\$/box) 6/	3.94	4.20	4.76	5.2	5.53	5.15	4.44	4.56	2.53
Grapefruit (\$/box) 6/	3.54	3.27	2.98	2.66	1.85	2.3	1.49	3.67	4.39
Stocks, ending									
Fresh apples (mil. lbs.)	3,747.3	2,937.8	2,205.0	1,582.8	1,021.9	567.4	260.1	69.4	3,874.3
Fresh pears (mil. lbs.)	297.3	238.9	166.0	122.0	55.6	14.8	44.2	198.7	588.8
Frozen fruits (mil. lbs.)	935.7	848.3	769.6	761.2	737.1	812.1	981.5	1,039.6	1,068.3
Frozen orange juice (mil. lbs.)	1,229.0	1,407.3	1,273.8	1,499.6	1,615.2	1,521.8	1,449.1	1,257.5	1,119.8

1/ 1992 Indicated 1991/92 season. 2/ Fresh per capita consumption. 3/ Calendar year. 4/ Red delicious. Washington, extra fancy. carton tray pack, 125's. 5/ D'Anjou, Washington, standard box wrapped, U.S. no. 1, 135's. 6/ U.S. equivalent on-tree returns. P = preliminary. — = not available.

Information contact: Diane Bertelsen (202) 219-0887

	Calendar year									
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994 F
Production										
Total vegetables (1,000 cwt)	453,030	448,829	478,381	488,779	542,437	561,704	564,581	538,837	532,109	576,244
Fresh (1,000 cwt) 1/ 3/	203,549	203,185	220,539	228,397	239,281	239,104	229,506	245,752	237,027	232,600
Processed (tons) 2/ 3/	12,474.40	12,273.200	12,892.100	12,019.110	15,157.790	16,130.020	16,753.820	14,844.260	14,754.080	17,182.000
Mushrooms (1,000 lbs) 4/	587,956	614,393	631,819	667,759	714,992	749,151	745,832	776,357	754,783	780,000
Potatoes (1,000 cwt)	406,609	361,743	389,320	356,438	370,444	402,110	417,622	425,367	419,415	458,511
Sweetpotatoes (1,000 cwt)	14,573	12,388	11,811	10,945	11,358	12,594	11,203	12,005	11,053	12,000
Dry edible beans (1,000 cwt)	22,298	22,980	26,031	19,253	23,729	32,379	33,765	22,615	21,842	28,507
	1993	1994								
	Sept	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
Shipments (1,000 cwt)										
Fresh	16,606	17,281	17,809	24,149	22,043	24,714	33,842	18,145	18,743	14,284
Iceberg lettuce	4,362	3,376	3,407	4,615	3,849	4,119	4,774	3,891	4,205	3,543
Tomatoes, all	2,565	2,568	3,074	3,876	3,114	2,830	3,999	2,898	2,818	2,478
Dry-bulb onions	3,329	2,363	2,282	3,450	3,368	2,864	3,482	3,000	3,643	3,623
Other 5/	6,350	8,974	9,046	12,208	11,712	14,901	21,587	8,356	8,077	4,840
Potatoes, all	11,695	13,141	12,953	20,075	18,216	15,166	13,447	8,703	10,944	10,082
Sweetpotatoes	288	172	211	347	165	163	135	83	132	215

1/ Includes fresh production of asparagus, broccoli, carrots, cauliflower, celery, sweet corn, lettuce, honeydews, onions, & tomatoes. 2/ Includes processing production of snap beans, sweet corn, green peas, tomatoes, cucumbers (for pickles), asparagus, broccoli, carrots, & cauliflower. 3/ Excludes estimates reinstituted in 1992 to preserve series comparability. 4/ Fresh & processing agaricus mushrooms only. Excludes specialty varieties. Crop year July 1 - June 30. 5/ Includes snap beans, broccoli, cabbage, carrots, cauliflower, celery, sweet corn, cucumbers, eggplant, bell peppers, squash, cantaloupes, honeydews, & watermelons. p = preliminary. -- = not available

Information contacts: Gary Lucier (202) 219-0117 or John Love (202) 219-0388.

	Annual					1993			1994	
	1989	1990	1991	1992	1993	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Apr-June
Sugar										
Production 1/	8,841	8,334	7,145	7,501	7,766	825	735	3,913	2,194	828
Deliveries 1/	8,340	8,661	8,704	8,936	9,030	2,201	2,491	2,270	2,116	2,277
Stocks, ending 1/	2,947	2,729	3,039	3,225	3,486	3,014	1,673	3,466	3,980	2,631
Coffee										
Composite green price										
N.Y. (cts./lb.)	95.17	76.93	70.09	55.30	84.31	55.07	69.47	72.21	76.08	110.44
Imports, green bean										
equiv. (mil. lbs.) 2/	2,685	2,715	2,553	2,989	2,498	598	575	570	561	446
	Annual			1993		1994				
	1991	1992	1993	June	Jan	Feb	Mar	Apr	May	June
Tobacco										
Avg. price to grower 3/										
Flue-cured (\$/lb.)	172.3	172.8	168.8	157.5	—	—	—	—	—	—
Burley (\$/lb.)	178.8	181.5	181.6	—	180.5	179.0	151.0	—	—	—
Domestic consumption 4/										
Cigarettes (bil.)	518.3	509.5	482.9	37.5	34.4	38.0	44.4	37.8	41.6	48.8
Large cigars (mil.)	2,231.9	2,217.1	2,237.8	166.8	139.3	159.1	204.4	177.2	198.0	241.8

1/ 1,000 short tons, raw value. Quarterly data shown at end of each quarter. 2/ Net imports of green & processed coffee. 3/ Crop year July-June for flue-cured, Oct.-Sept. for burley. 4/ Taxable removals. -- = not available

Information contacts: Susan Peter Buzzanell (202) 219-0366; Colleen Flegal Gray (202) 219-0037; Tobacco Verner Grise (202) 219-0890.

World Agriculture

Table 23.—World Supply & Utilization of Major Crops, Livestock & Products

	1988/89	1989/90	1990/91	1991/92	1992/93 P	1993/94 F	1994/95 F
	Million units						
Wheat							
Area (hectares)	217.4	225.8	231.5	222.4	222.7	222.0	215.1
Production (metric tons)	495.0	533.2	588.2	542.8	561.5	558.8	526.5
Exports (metric tons) 1/	102.4	102.8	101.2	109.3	112.5	99.5	95.6
Consumption (metric tons) 2/	524.3	532.2	583.5	558.5	543.6	564.3	552.0
Ending stocks (metric tons) 3/	120.5	121.5	146.2	130.3	148.1	142.5	117.0
Coarse grains							
Area (hectares)	323.4	321.1	314.5	318.2	318.9	310.7	312.5
Production (metric tons)	721.0	791.0	821.7	803.1	862.8	788.4	865.9
Exports (metric tons) 1/	95.5	103.9	88.4	94.4	90.1	83.0	85.0
Consumption (metric tons) 2/	785.0	813.8	809.3	806.2	833.6	828.5	850.5
Ending stocks (metric tons) 3/	151.0	128.2	140.6	137.5	166.5	124.3	139.7
Rice, milled							
Area (hectares)	145.5	148.6	146.7	146.1	145.2	144.2	144.8
Production (metric tons)	330.1	343.1	350.7	352.3	352.5	350.0	352.9
Exports (metric tons) 4/	13.9	11.7	12.1	14.1	14.8	15.5	15.1
Consumption (metric tons) 2/	327.7	336.5	345.9	355.9	353.4	354.7	357.6
Ending stocks (metric tons) 3/	47.9	54.5	59.2	65.6	54.7	50.0	45.3
Total grains							
Area (hectares)	686.3	693.5	692.7	686.7	686.8	676.9	672.4
Production (metric tons)	1,546.1	1,667.3	1,760.6	1,698.0	1,776.8	1,695.2	1,745.3
Exports (metric tons) 1/	211.8	218.4	201.7	217.8	217.4	198.0	195.7
Consumption (metric tons) 2/	1,637.0	1,682.5	1,718.7	1,720.6	1,730.8	1,747.5	1,760.1
Ending stocks (metric tons) 3/	319.4	304.2	346.0	323.4	369.3	316.8	302.0
Oilseeds							
Crush (metric tons)	164.5	171.7	176.6	185.2	183.5	186.6	197.9
Production (metric tons)	201.6	212.4	215.7	224.5	227.3	226.9	251.8
Exports (metric tons)	31.5	35.6	33.4	37.6	37.8	36.9	42.3
Ending stocks (metric tons)	22.1	23.7	23.4	21.8	23.4	19.9	29.4
Meals							
Production (metric tons)	111.1	116.8	119.1	125.0	124.2	128.0	134.7
Exports (metric tons)	37.4	39.8	40.7	43.2	41.6	43.6	44.3
Oils							
Production (metric tons)	53.3	57.1	58.1	60.6	60.8	62.3	65.6
Exports (metric tons)	18.1	20.4	20.5	21.1	20.8	22.1	22.6
Cotton							
Area (hectares)	33.6	31.6	33.2	34.6	32.6	30.5	32.6
Production (bales)	84.4	79.7	87.0	96.0	82.7	76.8	86.8
Exports (bales)	33.4	31.3	29.7	28.1	25.4	26.9	27.0
Consumption (bales)	85.3	88.6	85.5	84.5	85.6	84.6	85.9
Ending stocks (bales)	31.4	25.6	28.1	40.1	37.5	29.8	30.9
	1988	1989	1990	1991	1992	1993 P	1994 F
Red meat							
Production (metric tons)	110.5	112.3	113.3	114.9	115.8	116.6	118.3
Consumption (metric tons)	108.3	110.9	111.4	113.3	113.2	114.2	116.3
Exports (metric tons) 1/	8	8.2	8.2	6.1	7.6	7.8	8.1
Poultry 5/							
Production (metric tons)	32	32.4	33.8	35.7	37.6	39.3	41.6
Consumption (metric tons)	31.4	31.8	32.6	34.5	36.6	38.1	40.1
Exports (metric tons) 1/	1.7	1.7	2.7	3.0	3.3	3.9	4.4
Dairy							
Milk production (metric tons) 6/	—	387.4	395.3	385.3	379.6	379.9	381.1

1/ Excludes intra-EC trade. 2/ Where stocks data not available (excluding USSR), consumption includes stock changes. 3/ Stocks data are based on differing marketing years & do not represent levels at a given date. Data not available for all countries; includes estimated change in USSR grain stocks but not absolute level. 4/ Calendar year data. 1989 data correspond with 1988/89, etc. 5/ Poultry excludes the Peoples Republic of China before 1986. 6/ Data prior to 1989 no longer comparable. P = preliminary. F = forecast. — = not available.

Information contacts: Crops, Carol Whitton (202) 219-0825; red meat & poultry, Shayle Shagam (202) 219-0360; dairy, James Miller (202) 219-0770

U.S. Agricultural Trade

Table 24.—Prices of Principal U.S. Agricultural Trade Products

	Annual			1993	1994					
	1991	1992	1993	Sept	Apr	May	June	July	Aug	Sept
Export commodities										
Wheat, f.o.b. vessel, Gulf ports (\$/bu.)	3.52	4.13	3.83	3.58	3.83	3.82	3.79	3.75	4.03	4.33
Corn, f.o.b. vessel, Gulf ports (\$/bu.)	2.75	2.66	2.62	2.59	2.87	2.81	2.85	2.50	2.44	2.47
Grain sorghum, f.o.b. vessel, Gulf ports (\$/bu.)	2.69	2.83	2.56	2.52	2.74	2.77	2.75	2.49	2.44	2.36
Soybeans, f.o.b. vessel, Gulf ports (\$/bu.)	6.05	6.01	6.53	6.69	6.88	7.04	6.99	6.29	5.96	5.91
Soybean oil, Decatur (cts./lb.)	20.14	19.16	22.83	23.51	27.95	29.01	27.51	24.50	24.49	26.14
Soybean meal, Decatur (\$/ton)	172.90	177.79	199.18	202.13	189.22	193.07	196.60	181.81	178.95	174.48
Cotton, 7-market avg. spot (cts./lb.)	69.69	53.90	55.36	54.01	76.12	79.34	76.85	71.87	70.32	71.10
Tobacco, avg. price at auction (cts./lb.)	179.23	172.58	171.95	172.04	169.97	169.97	169.97	172.04	160.08	176.99
Rice, f.o.b. mill, Houston (\$/cwt)	16.46	16.80	16.12	13.50	23.25	21.40	19.25	17.25	15.80	15.50
Inedible tallow, Chicago (cts./lb.)	13.26	14.37	14.89	14.47	14.94	15.56	16.27	17.28	19.00	19.33
Import commodities										
Coffee, N.Y. spot (\$/lb.)	0.71	0.50	0.59	0.68	0.79	1.10	1.27	2.15	1.89	2.13
Rubber, N.Y. spot (cts./lb.)	45.73	46.25	45.00	44.54	50.83	51.42	55.08	62.49	66.35	67.15
Cocoa beans, N.Y. (\$/lb.)	0.52	0.47	0.47	0.53	0.52	0.58	0.61	0.66	0.65	0.62

Information contact: Mary Teymourian (202) 601-8516.

Table 25.—Indexes of Real Trade-Weighted Dollar Exchange Rates ^{1/}

	1994										
	Jan	Feb	Mar	Apr	May P	Jun P	July P	Aug P	Sep P	Oct P	Nov P
	1985 = 100										
Total U.S. trade 2/	70.6	70.1	69.0	68.9	67.7	67.1	65.4	65.5	64.8	64.1	63.4
Agricultural trade											
U.S. markets	77.9	77.0	76.6	76.5	76.1	76.0	74.4	74.6	73.6	73.1	72.6
U.S. competitors	76.1	76.3	77.6	78.2	77.3	76.2	73.7	70.1	66.6	65.0	63.1
Wheat											
U.S. markets	92.9	91.5	90.6	90.7	90.6	90.4	87.1	83.6	79.7	78.1	76.3
U.S. competitors	76.8	77.2	77.6	78.0	77.4	77.0	76.2	76.2	75.4	75.1	74.6
Soybeans											
U.S. markets	67.2	66.2	65.5	65.2	64.5	64.1	62.4	63.7	63.2	62.8	62.5
U.S. competitors	48.7	48.6	48.1	47.9	47.7	47.2	43.6	37.0	31.3	29.3	27.2
Corn											
U.S. markets	68.4	67.0	66.8	66.4	66.4	66.7	65.0	66.4	65.6	65.5	65.3
U.S. competitors	59.8	59.7	59.1	59.2	58.5	58.0	57.0	57.0	56.7	56.3	55.8
Cotton											
U.S. markets	73.1	71.6	71.3	70.8	70.5	70.4	68.9	70.1	69.5	69.2	68.9
U.S. competitors	104.3	105.2	105.0	105.5	104.2	102.4	103.6	101.3	99.8	99.3	98.4

^{1/} Real indexes adjust nominal exchange rates for differences in rates of inflation, to avoid the distortion caused by high-inflation countries. A higher value means the dollar has appreciated. See the October 1988 issue of Agricultural Outlook for a discussion of the calculations and the weights used. ^{2/} Federal Reserve Board Index of trade-weighted value of the U.S. dollar against 10 major currencies. Weights are based on relative importance in world financial markets. P = preliminary.

Information contact: Douglas Rhoades (202) 219-0754.

Table 26.—Trade Balance

	Fiscal year ^{1/}								Aug
	1987	1988	1989	1990	1991	1992	1993	1994 F	1994
	\$ million								
Exports									
Agricultural	27,876	35,316	39,590	40,220	37,609	42,430	42,590	42,500	3,514
Nonagricultural	202,911	258,656	301,269	326,059	356,682	383,517	390,783	—	37,308
Total 2/	230,787	293,972	340,859	366,279	394,291	425,947	433,373	—	40,822
Imports									
Agricultural	20,650	21,014	21,476	22,560	22,588	24,323	24,454	25,500	2,221
Nonagricultural	367,374	409,138	441,075	458,101	483,720	486,556	537,584	—	56,543
Total 3/	388,024	430,152	462,551	480,661	486,308	512,879	562,038	—	58,764
Trade balance									
Agricultural	7,226	14,302	18,114	17,660	15,021	18,107	18,136	17,000	1,293
Nonagricultural	-164,463	-150,482	-139,806	-132,042	-107,038	-105,039	-146,801	—	-19,235
Total	-157,237	-136,180	-121,692	-114,382	-92,017	-86,932	-128,665	—	-17,942

^{1/} Fiscal years begin October 1 & end September 30. Fiscal year 1994 began Oct. 1, 1993 & ended Sept. 30, 1994. ^{2/} Domestic exports including Department of Defense shipments (F.A.S. value). ^{3/} Imports for consumption (customs value). F = forecast. — = not available.

Information contact: Joel Greene (202) 219-0816.

Table 27.—U.S. Agricultural Exports & Imports

	Fiscal year*			Aug	Fiscal year*			Aug
	1992	1993	1994 F	1994	1992	1993	1994 F	1994
	1,000 units				\$ million			
EXPORTS								
Animals, live (no.) 1/	1,476	1,107	—	103	567	358	—	40
Meats & preps., excl. poultry (mt)	1,107	1,160	2/ 1,000	123	3,236	3,349	—	321
Dairy products (mt) 1/	174	211	—	15	641	762	900	64
Poultry meats (mt)	794	986	1,300	123	915	1,031	—	123
Fats, oils, & greases (mt)	1,392	1,362	1,300	111	498	519	—	44
Hides & skins incl. furskins	—	—	—	—	1,336	1,288	—	135
Cattle hides, whole (no.) 1/	20,803	19,784	—	1,877	1,106	1,062	—	113
Mink pelts (no.) 1/	3,160	3,119	—	92	52	56	—	2
Grains & feeds (mt)	100,881	103,743	—	7,685	13,873	14,104	3/13,200	1,042
Wheat (mt)	34,322	36,078	31,000	2,829	4,323	4,737	4/ 4,200	334
Wheat flour (mt)	813	1,075	1,000	111	185	217	—	21
Rice (mt)	2,279	2,710	2,400	144	757	766	900	42
Feed grains, incl. products (mt)	50,752	50,705	38,700	3,484	5,801	6,261	4,500	367
Feeds & fodders (mt)	11,267	11,500	5/ 11,900	946	2,019	2,147	—	184
Other grain products (mt)	1,448	1,676	—	171	807	976	—	94
Fruits, nuts, & preps. (mt)	3,505	3,398	—	312	3,514	3,409	4,100	320
Fruit juices incl. froz. (1,000 hectoliters) 1/	7,767	7,845	—	776	427	423	—	46
Vegetables & preps. (mt)	2,703	2,790	—	214	2,790	3,220	—	280
Tobacco, unmanufactured (mt)	246	231	—	11	1,568	1,443	1,200	66
Cotton, excl. linters (mt)	1,494	1,125	1,600	116	2,183	1,526	2,300	190
Seeds (mt)	612	533	—	15	650	648	800	32
Sugar, cane or beet (mt) 1/	492	337	—	40	154	106	—	14
Oilseeds & products (mt)	28,671	29,190	—	1,753	7,162	7,211	6,800	495
Oilseeds (mt)	19,939	21,049	—	1,187	4,735	4,982	—	299
Soybeans (mt)	19,277	20,400	15,800	1,107	4,318	4,806	4,100	267
Protein meal (mt)	7,082	6,539	—	426	1,445	1,261	—	85
Vegetable oils (mt)	1,651	1,601	—	161	982	968	—	111
Essential oils (mt)	13	13	—	1	184	185	—	17
Other	91	92	—	12	2,733	3,011	—	284
Total	142,175	145,171	125,600	10,531	42,430	42,590	42,500	3,514
IMPORTS								
Animals, live (no.) 1/	2,830	3,461	—	229	1,275	1,569	1,300	104
Meats & preps., excl. poultry (mt)	1,134	1,128	—	91	2,684	2,726	—	206
Beef & veal (mt)	813	793	780	62	1,933	1,919	1,900	136
Pork (mt)	263	276	315	24	625	663	800	58
Dairy products (mt) 1/	232	231	—	22	816	860	900	84
Poultry & products 1/	—	—	—	—	132	137	—	13
Fats, oils, & greases (mt)	46	44	—	4	26	30	—	2
Hides & skins, incl. furskins 1/	—	—	—	—	185	181	—	12
Wool, unmanufactured (mt)	54	60	—	4	167	173	—	11
Grains & feeds (mt)	5,446	4,942	10,300	643	1,548	1,639	2,200	188
Fruits, nuts, & preps., excl. juices (mt)	5,883	6,089	6,000	490	2,919	2,988	—	229
Bananas & plantains (mt)	3,628	3,737	3,700	345	1,083	1,083	1,000	93
Fruit juices (1,000 hectoliters) 1/	26,049	27,053	28,000	2,425	871	640	—	47
Vegetables & preps. (mt)	2,171	2,733	—	153	2,126	2,440	2,600	173
Tobacco, unmanufactured (mt)	364	386	300	6	1,299	1,101	900	14
Cotton, unmanufactured (mt)	11	12	—	2	10	11	—	3
Seeds (mt)	174	189	300	6	214	214	400	15
Nursery stock & cut flowers 1/	—	—	—	—	578	629	—	62
Sugar, cane or beet (mt)	1,623	1,569	—	147	633	591	—	58
Oilseeds & products (mt)	2,330	2,484	—	267	1,124	1,204	1,400	139
Oilseeds (mt)	429	373	—	57	135	130	—	18
Protein meal (mt)	629	618	—	63	84	89	—	9
Vegetable oils (mt)	1,273	1,492	—	147	904	985	—	112
Beverages excl. fruit juices (1,000 hectoliters) 1/	13,739	14,014	—	1,490	2,044	1,976	—	192
Coffee, tea, cocoa, spices (mt)	2,391	2,244	1,990	177	3,415	3,018	—	444
Coffee, incl. products (mt)	1,330	1,185	900	97	1,798	1,502	1,800	311
Cocoa beans & products (mt)	773	770	800	58	1,122	1,028	1,100	91
Rubber & allied gums (mt)	920	981	1,100	86	756	839	900	86
Other	—	—	—	—	1,503	1,488	—	139
Total	—	—	—	—	24,323	24,454	25,500	2,221

* Fiscal years begin Oct. 1 & end Sept. 30. Fiscal year 1994 began Oct. 1, 1993 & ended Sept. 30, 1994. 1/ Not included in total volume.
 2/ Forecasts for footnoted items 2/–5/ are based on slightly different groups of commodities. Totals for fiscal 1993 forecast commodities were 2/ 903,000 tons. 3/ \$14,332 million. 4/ \$4,954 million, includes flour. 5/ 11.885 million tons. F = forecast. — = not available.

Information contact: Joel Greene (202) 219-0816.

Table 28.—U.S. Agricultural Exports by Region

Region & country	Fiscal year*			Aug	Change from year* earlier			Aug
	1992	1993	1994 F	1994	1992	1993	1994 F	1994
	\$ million				Percent			
WESTERN EUROPE	7,740	7,499	6,800	453	6	-3	-9	15
European Union	7,193	7,022	6,300	397	6	-2	-10	13
Belgium-Luxembourg	481	482	—	28	-1	5	—	2
France	818	813	—	23	8	-1	—	-16
Germany	1,091	1,146	—	59	-4	5	—	-9
Italy	684	568	—	25	1	-17	—	22
Netherlands	1,812	1,801	—	100	16	-1	—	51
United Kingdom	882	918	—	74	0	4	—	-7
Portugal	240	223	—	10	-4	-7	—	-23
Spain, incl. Canary Islands	951	828	—	37	11	-13	—	80
Other Western Europe	548	477	500	56	2	-13	5	33
Switzerland	187	152	—	12	-4	-19	—	38
EASTERN EUROPE	222	468	300	29	-27	111	-36	23
Poland	49	230	—	5	7	368	—	-34
Former Yugoslavia	50	47	—	19	-32	-6	—	869
Romania	76	107	—	0	-7	42	—	-92
Former Soviet Union	2,704	1,581	1,500	83	54	-42	-4	6
ASIA	17,782	17,832	17,400	1,822	10	0	-2	21
West Asia (Mideast)	1,770	1,922	1,700	137	24	9	-12	7
Turkey	344	369	—	17	54	7	—	-34
Iraq	0	1	—	0	0	150	—	0
Israel, incl. Gaza & W. Bank	346	382	400	35	21	10	5	47
Saudi Arabia	549	463	500	44	2	-16	8	22
South Asia	536	641	—	30	43	20	—	-40
Bangladesh	123	52	—	4	84	-58	—	248
India	117	226	—	8	24	93	—	-60
Pakistan	228	236	300	0	57	4	27	-98
China	690	322	700	117	3	-53	117	845
Japan	8,383	8,481	9,400	724	8	1	11	6
Southeast Asia	1,470	1,551	—	149	19	6	—	56
Indonesia	353	327	—	36	27	-7	—	65
Philippines	443	512	500	58	19	16	-2	125
Other East Asia	4,934	4,935	5,200	466	6	0	5	26
Taiwan	1,916	1,999	2,200	189	10	4	10	8
Korea, Rep.	2,200	2,041	1,900	193	2	-7	-7	38
Hong Kong	617	660	1,000	104	10	8	14	48
AFRICA	2,304	2,671	2,100	193	22	18	-21	20
North Africa	1,411	1,659	1,400	135	2	18	-16	34
Morocco	156	310	—	12	21	98	—	-10
Algeria	478	458	700	56	0	-4	53	251
Egypt	709	756	600	60	2	7	-21	-9
Sub-Saharan	893	1,012	700	58	80	13	-31	-2
Nigeria	31	158	—	3	-30	413	—	-88
Rep. S. Africa	328	383	—	16	343	17	—	74
LATIN AMERICA & CARIBBEAN	6,438	6,883	7,000	637	17	7	2	30
Brazil	143	231	200	11	-47	61	-13	-32
Caribbean Islands	970	1,015	—	77	-4	5	—	9
Central America	587	675	—	78	18	15	—	50
Colombia	142	234	—	21	15	65	—	103
Mexico	3,678	3,660	3,900	380	27	0	7	54
Peru	179	172	—	9	19	-4	—	-54
Venezuela	394	502	400	34	28	27	-20	10
CANADA	4,812	5,220	5,200	449	9	8	0	7
OCEANIA	428	458	500	47	23	6	10	5
TOTAL	42,430	42,590	42,500	3,514	13	0	0	19
Developed countries	21,968	22,337	22,200	1,718	8	2	-1	10
Developing countries	19,771	19,916	—	1,595	17	1	—	24
Other countries	691	335	—	201	3	-51	—	114

*Fiscal years begin Oct. 1 & end Sept. 30. Fiscal year 1994 began Oct. 1, 1993 & ended Sept. 30, 1994. F = forecast. — = not available.
 Note: Adjusted for transshipments through Canada.

Information contact: Joel Greene (202) 219-0818.

Farm Income

Table 29.—Farm Income Statistics

	Calendar year										
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993 P	1994 F
	\$ billion										
1. Farm receipts	147.7	150.1	140.0	148.5	158.4	168.0	177.5	176.8	179.0	183.9	186 to 192
Crops (incl. net CCC loans)	69.9	74.3	63.7	65.9	71.7	77.0	80.1	82.1	84.9	84.5	88 to 92
Livestock	72.9	69.8	71.8	78.0	79.4	84.1	89.8	88.7	86.3	90.8	89 to 93
Farm related 1/	4.9	6.0	5.7	6.8	7.3	7.8	7.8	7.8	7.8	8.8	7 to 9
2. Direct Government payments	8.4	7.7	11.8	16.7	14.5	10.9	9.3	8.2	9.2	13.4	8 to 10
Cash payments	4.0	7.8	8.1	6.6	7.1	9.1	8.4	8.2	9.2	13.4	8 to 10
Value of P/K commodities	4.5	0.1	3.7	10.1	7.4	1.7	0.9	0.0	0.0	0	0 to 1
3. Gross cash income (1+2) 2/	156.1	157.9	152.8	165.1	172.9	179.8	186.8	184.9	188.2	197.2	194 to 202
4. Nonmoney income 3/	5.9	5.8	5.5	5.8	6.3	8.1	8.0	7.7	7.8	7.9	7 to 9
5. Value of inventory change	6.0	-2.3	-2.2	-2.3	-3.4	4.8	3.4	-0.3	4.3	-3.6	4 to 8
6. Total gross farm income (3+4+5)	168.0	161.2	156.1	168.5	175.8	192.8	198.2	192.3	200.2	201.4	207 to 215
7. Cash expenses 4/	118.7	110.7	105.0	109.4	119.0	125.6	131.8	131.7	130.8	138.7	139 to 145
8. Total expenses	141.9	132.4	125.1	128.8	137.8	144.9	151.3	151.2	150.1	158.0	159 to 165
9. Net cash income (3-7)	37.4	47.1	47.8	55.8	53.9	54.2	55.1	53.2	57.4	58.5	53 to 57
10. Net farm income (6-8)	26.1	28.8	31.0	39.7	38.0	47.9	46.9	41.1	50.1	43.4	47 to 51
Deflated (1987\$)	28.7	30.5	32.0	39.7	37.3	43.3	41.1	34.9	41.5	34.9	37 to 41

1/ Income from machine hire, custom work, sales of forest products, & other miscellaneous cash sources. 2/ Numbers in parentheses indicate the combination of items required to calculate a given item. 3/ Value of home consumption of self-produced food & imputed gross rental value of farm dwellings. 4/ Excludes capital consumption, perquisites to hired labor, & farm household expenses. Total may not add because of rounding. P = preliminary F = forecast.
 Note: 1988-92 accounts (primarily expenses) have been revised to reflect improved methods for estimating farm income. Call contact for information.

Information contact: Robert McElroy (202) 219-0802.

Table 30.—Average Income to Farm Operator Households

	Calendar year					
	1989	1990	1991	1992	1993 P	1994 F
	\$ per operator household					
Farm income to household 1/	5,796	5,742	5,810	7,180	5,125	4,300 to 5,900
Self-employment farm income	4,723	4,973	4,458	5,172	4,710	—
Other farm income to household	1,073	768	1,352	2,008	415	—
Plus: Total off-farm income	26,223	33,265	31,638	35,731	33,176	35,500 to 37,500
Income from wages, salaries, and non-farm businesses	19,487	24,778	23,551	27,022	23,868	—
Income from interest, dividends, transfer payments, etc.	6,736	8,487	8,087	8,709	9,308	—
Equals: Farm operator household income	32,019	39,007	37,447	42,911	38,300	39,900 to 43,400

1/ Farm income to the household equals self-employment income plus amounts that operators pay themselves & family members to work on the farm. Income from renting out acreage, & net income from a farm business other than the one being surveyed. Data for 1989-90 are based on surveys that did not fully account for small farms. Data for 1991 include an additional 350,000 farms, many with gross sales under \$10,000 & negative net farm incomes. P = preliminary. F = forecasts. — = not available at this time.

Information contact: Janet Perry (202) 219-0803.

Table 31.—Balance Sheet of the U.S. Farming Sector

	Calendar year 1/										
	1984	1985	1986	1987	1988	1989	1990	1991	1992 P	1993 F	1994 F
	\$ billion										
Assets											
Real estate	661.8	586.2	542.3	578.9	595.5	615.7	628.2	623.2	633.1	656	677 to 687
Non-real estate	195.2	186.5	182.1	193.7	205.8	214.1	220.2	219.1	228.4	229	230 to 240
Livestock & poultry	49.5	48.3	47.8	58.0	62.2	66.2	70.9	68.1	71.3	72	72 to 76
Machinery & motor vehicles	85.0	82.9	81.5	80.0	81.2	85.1	85.4	85.8	85.6	85	86 to 90
Crops stored 2/	28.1	22.9	16.3	17.5	23.3	23.4	22.8	22.0	24.1	23	24 to 28
Purchased inputs	2.0	1.2	2.1	3.2	3.5	2.8	2.8	2.6	3.9	4	2 to 4
Financial assets	32.6	33.3	34.5	35.1	35.4	36.8	38.3	40.6	43.4	45	45 to 49
Total farm assets	857.0	772.7	724.4	772.6	801.1	829.7	848.4	842.2	881.5	886	915 to 925
Liabilities											
Real estate debt 3/	106.7	100.1	90.4	82.4	77.6	75.4	74.1	74.6	75.6	76	75 to 79
Non-real estate debt 4/	87.1	77.5	66.6	62.0	61.7	61.9	63.2	64.3	63.6	66	64 to 68
Total farm debt	193.8	177.6	157.0	144.4	139.4	137.2	137.4	138.9	139.3	142	141 to 145
Total farm equity	663.3	595.1	567.5	628.2	661.7	692.4	710.9	703.3	722.2	744	771 to 781
	Percent										
Selected ratios											
Debt-to-assets	22.6	23.0	21.7	16.7	17.4	16.5	16.2	16.5	16.2	16	15 to 17
Debt-to-equity	29.2	29.8	27.7	23.0	21.1	19.8	19.3	19.7	19.3	19	18 to 20
Debt-to-net cash income	518	377	328	259	256	251	248	260	245	247	260 to 270

1/ As of Dec. 31. 2/ Non-CCC crops held on farms plus value above loan rates for crops held under CCC. 3/ Excludes debt on operator dwellings, but includes CCC storage and drying facilities loans. 4/ Excludes debt for nonfarm purposes. F = forecast.

Information contacts: Ken Erickson, (202) 219-0799; Jim Ryan (202) 219-0796.

Table 32.—Cash Receipts From Farm Marketings, by State

Region & State	Livestock & products				Crops 1/				Total 1/			
	1992	1993	July 1994	Aug 1994	1992	1993	July 1994	Aug 1994	1992	1993	July 1994	Aug 1994
	\$ million 2/											
NORTH ATLANTIC												
Maine	253	274	22	23	204	198	12	21	457	472	34	44
New Hampshire	65	65	5	5	81	99	5	9	148	164	10	14
Vermont	388	403	32	33	72	81	13	4	460	484	45	37
Massachusetts	126	122	10	10	361	375	24	33	487	497	34	43
Rhode Island	13	12	0	1	60	67	5	3	73	79	5	4
Connecticut	254	258	21	22	253	283	19	18	507	521	40	38
New York	1,907	1,888	147	152	1,010	930	66	93	2,917	2,818	213	245
New Jersey	190	199	17	17	483	508	80	65	653	707	97	82
Pennsylvania	2,554	2,821	200	212	1,044	1,091	65	86	3,598	3,712	265	298
NORTH CENTRAL												
Ohio	1,550	1,673	130	144	2,558	2,720	209	146	4,108	4,393	339	290
Indiana	1,824	1,931	141	158	2,639	3,188	248	174	4,463	5,117	387	332
Illinois	2,253	2,248	165	176	5,395	5,834	435	249	7,648	8,082	600	425
Michigan	1,311	1,378	109	113	1,910	1,991	147	163	3,221	3,367	256	278
Wisconsin	4,312	4,164	333	344	1,158	1,068	77	105	5,470	5,250	410	449
Minnesota	3,610	3,774	285	294	3,413	2,799	108	124	7,023	6,573	393	418
Iowa	5,600	5,829	383	440	4,809	4,173	190	142	10,409	10,002	573	582
Missouri	2,186	2,270	163	173	1,987	1,783	137	64	4,173	4,053	300	237
North Dakota	749	708	35	41	2,234	2,227	71	123	2,983	2,933	108	164
South Dakota	1,960	2,173	110	126	1,198	1,147	45	102	3,158	3,320	155	228
Nebraska	5,675	5,842	380	523	3,107	3,067	239	145	8,782	8,909	619	668
Kansas	4,783	4,870	384	500	2,387	2,493	428	145	7,170	7,363	812	645
SOUTHERN												
Delaware	451	483	41	40	177	159	12	20	628	622	53	60
Maryland	789	808	72	87	576	560	57	35	1,365	1,368	129	102
Virginia	1,362	1,385	112	119	778	683	69	84	2,140	2,068	181	203
West Virginia	287	328	25	28	78	77	7	8	343	405	32	36
North Carolina	2,798	3,201	253	256	2,379	2,256	133	412	5,177	5,457	386	668
South Carolina	545	603	44	50	652	818	48	111	1,197	1,221	92	161
Georgia	2,305	2,572	239	220	1,781	1,639	93	113	4,086	4,211	332	333
Florida	1,160	1,202	93	111	4,932	4,548	246	218	6,092	5,750	339	329
Kentucky	1,640	1,720	270	103	1,583	1,856	53	33	3,203	3,376	323	136
Tennessee	1,058	1,012	77	73	1,063	1,027	37	42	2,121	2,039	114	115
Alabama	2,047	2,164	198	179	769	728	37	25	2,818	2,910	235	204
Mississippi	1,355	1,577	133	138	1,280	1,028	26	12	2,635	2,605	159	150
Arkansas	2,710	2,902	272	253	1,950	1,480	86	70	4,660	4,382	358	323
Louisiana	611	688	59	81	1,299	1,069	17	33	1,910	1,757	76	94
Oklahoma	2,552	2,762	204	271	1,112	1,108	157	104	3,664	3,870	351	375
Texas	7,524	8,342	532	649	3,937	4,275	338	302	11,461	12,617	870	951
WESTERN												
Montana	898	938	25	32	808	843	31	45	1,706	1,781	56	107
Idaho	1,173	1,167	82	104	1,601	1,680	81	160	2,774	2,847	183	264
Wyoming	607	657	12	28	169	160	10	26	776	817	22	54
Colorado	2,746	2,879	196	246	1,055	1,204	112	109	3,801	4,083	308	358
New Mexico	1,039	1,135	77	84	492	488	67	49	1,531	1,621	144	133
Arizona	693	885	72	87	947	1,037	47	37	1,640	1,922	119	124
Utah	558	628	52	49	195	177	15	17	753	803	87	66
Nevada	202	187	12	17	74	102	10	9	278	289	22	28
Washington	1,548	1,561	122	134	2,888	3,013	201	407	4,436	4,574	323	641
Oregon	798	739	51	57	1,662	1,737	193	192	2,480	2,476	244	249
California	5,056	5,246	409	439	13,841	14,604	1,242	1,258	18,897	19,850	1,651	1,697
Alaska	8	6	0	0	20	20	2	2	26	26	2	2
Hawaii	88	85	7	7	431	406	35	36	519	491	42	43
UNITED STATES	86,349	90,555	6,813	7,412	84,852	84,497	6,086	6,009	171,202	175,052	12,900	13,422

1/ Sales of farm products include receipts from commodities placed under nonrecourse CCC loans, plus additional gains realized on redemptions during the period. 2/ Estimates as of end of current month. Totals may not add because of rounding.

Information contact: Roger Strickland (202) 219-0808. To receive current monthly cash receipts via postal mail or e-mail contact Bob Dubman at (202) 219-0809 or BDUBMAN@ERS.BITNET.

Table 33.—Cash Receipts From Farming

	Annual					1993	1994				
	1989	1990	1991	1992	1993	Aug	Apr	May	June	July	Aug
	\$ million										
Farm marketings & CCC loans	161,142	169,974	168,795	171,202	175,052	13,825	12,295	12,332	12,277	12,901	13,422
Livestock & products	84,122	89,843	86,735	88,350	90,555	7,835	7,163	7,293	6,798	6,814	7,412
Meat animals	45,857	51,911	51,089	48,487	51,384	4,583	3,763	4,065	3,363	3,286	4,176
Dairy products	19,396	20,149	18,037	19,835	19,316	1,535	1,739	1,763	1,844	1,587	1,564
Poultry & eggs	15,372	15,243	15,122	15,480	17,241	1,518	1,483	1,281	1,594	1,568	1,472
Other	2,498	2,540	2,487	2,569	2,635	200	177	185	196	376	200
Crops	77,020	80,131	82,060	84,853	84,497	5,989	5,132	5,039	5,480	6,086	6,010
Food grains	8,247	7,517	7,414	8,455	8,221	741	418	383	962	1,356	936
Feed crops	17,054	18,671	19,491	19,782	19,338	1,328	1,052	920	1,209	1,232	1,150
Cotton (lint & seed)	5,033	5,489	5,236	5,192	5,015	78	106	109	52	34	88
Tobacco	2,415	2,741	2,886	2,961	2,949	440	0	0	0	65	535
Oil-bearing crops	11,868	12,258	12,709	13,277	13,048	378	616	701	734	501	273
Vegetables & melons	11,592	11,449	11,561	11,767	12,056	1,399	991	1,320	1,066	1,146	1,442
Fruits & tree nuts	9,157	9,420	9,909	10,123	9,927	877	453	467	715	988	837
Other	11,657	12,586	12,654	13,287	13,345	745	1,497	1,134	742	767	751
Government payments	10,887	9,298	8,214	9,189	13,174	87	1,337	736	268	74	73
Total	172,029	179,272	177,009	180,371	188,226	13,912	13,632	13,068	12,525	12,975	13,495

* Sales of farm products include receipts from commodities placed under nonrecourse CCC loans, plus additional gains realized on redemptions during the period. — = not available.

Information contact: Roger Strickland (202) 219-0808. To receive current monthly cash receipts via mail contact Bob Dubman at (202) 219-0808 or BOUBMAN@ERS.BITNET

Table 34.—Farm Production Expenses

	Calendar year									
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994 F
	\$ million									
Feed purchased	16,949	17,472	17,463	20,246	20,744	20,387	19,331	20,132	21,433	21,000 to 24,000
Livestock & poultry purchased	9,184	9,758	11,842	12,764	13,136	14,833	14,274	13,868	14,949	13,000 to 15,000
Seed purchased	3,128	3,188	3,259	4,060	4,397	4,618	5,113	4,913	5,182	5,000 to 8,000
Farm-origin inputs	29,281	30,418	32,584	37,069	38,278	39,738	38,718	38,913	41,545	40,000 to 44,000
Fertilizer & lime	7,512	8,820	8,453	7,679	8,178	8,208	8,687	8,333	8,398	8,000 to 9,000
Fuels & oils	6,436	6,310	4,957	4,800	4,772	5,790	5,608	5,299	5,384	5,000 to 6,000
Electricity	1,878	1,795	2,156	2,360	2,648	2,807	2,634	2,611	2,677	2,000 to 3,000
Pesticides	4,334	4,324	4,512	4,148	5,012	5,362	6,319	6,469	6,716	8,000 to 8,000
Manufactured inputs	20,159	18,249	18,078	18,987	20,907	21,967	23,228	22,712	23,157	21,000 to 25,000
Short-term interest	8,735	7,367	6,767	6,712	6,740	6,656	6,124	5,395	5,334	5,000 to 6,000
Real estate interest 1/	9,878	9,131	8,205	7,581	7,190	6,740	5,963	5,772	5,501	5,000 to 6,000
Total interest charges	18,613	16,498	14,972	14,293	13,930	13,395	12,088	11,167	10,838	10,000 to 12,000
Repair & maintenance 1/	6,370	6,428	6,759	7,717	8,407	8,553	8,630	8,469	9,154	9,000 to 10,000
Contract & hired labor	10,008	9,484	9,975	10,911	12,034	14,120	14,012	14,008	15,005	14,000 to 16,000
Machine hire & custom work	2,354	2,099	2,105	3,112	3,380	3,565	3,520	3,838	4,411	3,000 to 4,000
Marketing, storage, & transportation	4,127	3,652	4,078	3,516	4,209	4,211	4,719	4,541	5,591	6,000 to 7,000
Misc. operating expenses 1/ 2/	10,010	9,759	11,171	11,991	11,998	12,725	13,536	12,835	14,099	12,000 to 14,000
Other operating expenses	32,858	31,420	34,088	37,248	40,025	43,173	44,417	43,690	48,260	48,000 to 52,000
Capital consumption 1/	19,299	17,788	17,091	17,610	18,188	18,267	18,249	18,317	18,422	18,000 to 19,000
Taxes 1/	4,542	4,612	4,853	4,954	5,213	5,687	5,615	5,834	6,259	6,000 to 7,000
Net rent to nonoperator landlords	7,690	6,099	7,124	7,619	8,867	9,049	8,879	9,507	9,551	9,000 to 11,000
Other overhead expenses	31,531	28,499	29,069	30,183	32,048	33,003	32,743	33,658	34,233	34,000 to 36,000
Total production expenses	132,433	125,084	128,772	137,780	144,888	151,277	151,194	150,139	158,030	159,000 to 165,000

1/ Includes operator dwellings. 2/ Beginning in 1982, miscellaneous operating expenses include other livestock purchases, dairy assessments & feeding fees paid by nonoperators. Totals may not add because of rounding. P = preliminary. F = forecast.

Information contacts: Chris McGath (202) 219-0808, Robert McElroy (202) 219-0802.

Table 35.—CCC Net Outlays by Commodity & Function

COMMODITY/PROGRAM	Fiscal year									
	1986	1987	1988	1989	1990	1991	1992	1993	1994 E	1995 E
	\$ million									
COMMODITY/PROGRAM										
Feed grains										
Corn	10,524	12,346	8,227	2,863	2,435	2,387	2,105	5,143	835	1,878
Grain sorghum	1,165	1,203	764	467	349	243	190	410	133	179
Barley	471	394	57	45	-94	71	174	186	237	149
Oats	28	17	-2	1	-5	12	32	18	6	20
Corn & oat products	5	7	7	8	8	9	9	10	8	0
Total feed grains	12,211	13,967	9,053	3,384	2,693	2,722	2,510	5,765	1,019	2,026
Wheat	3,440	2,836	678	53	796	2,805	1,719	2,185	1,972	2,015
Rice	947	906	126	631	667	867	715	887	756	1,031
Upland cotton	2,142	1,788	666	1,461	-79	382	1,443	2,239	1,496	384
Tobacco	253	-346	-453	-367	-307	-143	29	235	641	71
Dairy	2,337	1,166	1,295	679	505	839	232	253	237	227
Soybeans	1,597	-476	-1,678	-86	5	40	-29	109	-162	-38
Peanuts	32	8	7	13	1	48	41	-13	38	86
Sugar	214	-65	-246	-25	15	-20	-19	-35	-25	-32
Honey	89	73	100	42	47	19	17	22	10	4
Wool	123	152	1/ 5	93	104	172	191	179	210	114
Operating expense 3/	457	535	614	620	618	625	6	6	7	7
Interest expenditure	1,411	1,219	425	98	632	745	532	129	57	27
Export programs 4/	102	276	200	-102	-34	733	1,459	2,193	1,804	1,397
1989/95 Disaster/Tree/										
livestock assistance	0	0	0	3,919	2/ 161	121	1,054	944	3,047	1,080
Other	486	371	1,665	110	647	155	-162	949	685	1,387
Total	25,841	22,408	12,461	10,523	6,471	10,110	9,738	16,047	11,792	9,766
FUNCTION										
Price-support loans (net)	13,628	12,199	4,579	-926	-399	416	584	2,065	821	321
Direct payments 5/										
Deficiency	6,166	4,833	3,971	5,798	4,178	6,224	5,491	8,607	4,360	5,047
Diversion	64	382	8	-1	0	0	0	0	0	0
Dairy termination	489	587	260	168	189	96	2	0	0	0
Loan Deficiency	27	60	0	42	3	21	214	387	483	76
Other	0	0	0	0	0	0	140	149	137	75
Disaster	0	0	6	4	0	0	0	0	0	0
Total direct payments	6,746	5,862	4,245	6,011	4,370	6,341	5,847	9,143	4,980	5,198
1988-95 crop disaster	0	0	0	3,386	2/ 5	6	960	672	2,946	1,000
Emergency livestock/tree/										
forage assistance	0	0	31	533	156	115	94	72	102	60
Purchases (net)	1,670	-479	-1,131	116	-48	646	321	525	508	249
Producer storage										
payments	485	832	658	174	185	1	14	9	13	13
Processing, storage,										
& transportation	1,013	1,659	1,113	659	278	240	165	136	94	110
Operating expense 3/	457	535	614	620	618	625	6	6	7	7
Interest expenditure	1,411	1,219	425	98	632	745	532	129	57	27
Export programs 4/	102	276	200	-102	-34	733	1,459	2,193	1,804	1,397
Other	329	305	1,727	-46	708	240	-264	897	660	1,384
Total	25,841	22,408	12,461	10,523	6,471	10,110	9,738	16,047	11,792	9,766

1/ Fiscal 1988 wool & mohair program outlays were \$130,635,000 but include a one-time advance appropriation of \$126,108,000, which was recorded as a wool program receipt by Treasury. 2/ Approximately \$1.5 billion in benefits to farmers under the Disaster Assistance Act of 1989 were paid in generic certificates in FY 90 & were not recorded directly as disaster assistance outlays. 3/ Does not include CCC Transfers to General Sales Manager. 4/ Includes Export Guarantee Program, Direct Export Credit Program, CCC Transfers to the General Sales Manager, Market Promotion Program, starting in fiscal 1991 & starting in fiscal 1992 the Export Guarantee Program - Credit Reform, Export Enhancement Program, Dairy Export Incentive Program, and Technical Assistance to Emerging Democracies. 5/ Includes cash payments only. Excludes generic certificates in FY 86-94. E = Estimated in the FY 1995 Mid-Session Review Budget which was released July 14, 1994 based on June, 1994 supply & demand estimates. Minus (-) indicates a net receipt (excess of repayments or other receipts over gross outlays of funds).

Information contact: Richard Pazdaleki (202) 720-5148.

Food Expenditures

Table 36.—Food Expenditures

	Annual			1994			1994 year-to-date		
	1991	1992	1993	Aug	Sept	Oct P	Aug	Sept	Oct P
	\$ billion								
Sales 1/									
Off-premise use 2/	318.4	319.7	327.0	28.8	28.0	28.2	220.8	248.8	277.0
Meals & snacks 3/	229.8	237.9	251.2	23.4	22.3	22.7	174.8	197.0	219.7
	1993 \$ billion								
Sales 1/									
Off-premise use 2/	329.4	328.8	327.0	27.7	26.9	27.2	215.0	242.0	269.2
Meals & snacks 3/	251.2	242.1	251.2	22.9	21.9	22.2	172.1	194.0	218.1
	Percent change from year earlier (\$ bil.)								
Sales 1/									
Off-premise use 2/	4.5	0.4	2.3	4.2	4.4	2.8	3.0	3.2	3.1
Meals & snacks 3/	3.1	3.6	5.6	4.2	5.6	4.0	5.1	5.2	5.0
	Percent change from year earlier (1993 \$ bil.)								
Sales 1/									
Off-premise use 2/	1.7	-0.8	0.1	0.4	0.6	-0.4	-0.1	0.0	-0.1
Meals & snacks 3/	-0.3	1.6	3.7	2.4	3.7	2.1	3.3	3.3	3.2

1/ Food only (excludes alcoholic beverages). Not seasonally adjusted. 2/ Excludes donations & home production. 3/ Excludes donations, child nutrition subsidies, & meals furnished to employees, patients, & inmates. P = preliminary.

NOTE: This table differs from Personal Consumption Expenditures (PCE), table 2, for several reasons: (1) this series includes only food, excluding alcoholic beverages & pet food which are included in PCE; (2) this series is not seasonally adjusted, whereas PCE is seasonally adjusted at annual rates; (3) this series reports sales only, but PCE includes food produced & consumed on farms & food furnished to employees; (4) this series includes all sales of meals & snacks. PCE includes only purchases using personal funds, excluding business travel & entertainment. For a more complete discussion of the differences, see "Developing an Integrated Information System for the Food Sector," Agr. Econ. Rpt. No. 575, Aug 1987.

Information contact: Alden Manchester (202) 219-0750.

Transportation

Table 37.—Rail Rates; Grain & Fruit-Vegetable Shipments

	Annual			1993	1994					
	1991	1992	1993	Sept	Apr	May	June	July	Aug	Sept
Rail freight rate index 1/ (Dec. 1984=100)										
All products	109.3	109.9	110.9	111.2	112.0	112.0	112.1	112.1 P	112.2 P	111.8 P
Farm products	111.4	111.1	113.7	113.3	114.3	114.3	114.1	113.7 P	113.4 P	114.1 P
Grain	111.2	111.4	114.7	114.2	115.1	115.1	114.8	114.3 P	114.3 P	114.6 P
Food products	108.1	108.7	109.0	108.7	110.9	110.9	110.9	110.9 P	112.5 P	111.9 P
Grain shipments										
Rail carloadings (1,000 cars) 2/	26.8	27.4	27.4	27.1	23.7 P	22.2 P	22.0 P	24.5 P	26.1 P	25.8 P
Barge shipments (mil. ton) 3/	3.3	3.4	2.6	3.6	3.0	2.8	2.4	3.3	3.1	2.0
Fresh fruit & vegetable shipments 4/ 5/										
Piggy back (mil. cwt)	1.5	1.6	1.4	1.4	1.4	1.9	2.0	1.6	1.3	1.3
Rail (mil. cwt)	2.1	2.6	2.2	1.3	1.8	2.5	3.1	2.2	1.8	2.2
Truck (mil. cwt)	41.9	44.0	44.8	37.9	54.2	51.9	52.7	39.3	36.5	34.9
Cost of operating trucks hauling produce 4/										
Fleet operation (cts./mile)	126.5	124.1	127.2	125.6	128.2	127.5	127.4	127.5	128.0	128.0

1/ Department of Labor, Bureau of Labor Statistics. 2/ Weekly average; from Association of American Railroads. 3/ Shipments on Illinois & Mississippi waterways, U.S. Corps of Engineers. 4/ Agricultural Marketing Service, USDA. 5/ Preliminary data for 1994. P = preliminary. — = not available.

Information contact: T.Q. Hutchinson (202) 219-0353.

Indicators of Farm Productivity

Table 38.—Indexes of Farm Production, Input Use & Productivity ^{1/}

	1983	1984	1985	1986	1987	1988	1989	1990	1991 ^{1/}	1992 ^{2/}
	1982=100									
Farm output	84	101	105	102	104	97	108	112	112	—
All livestock products	102	100	103	103	108	108	110	112	114	—
Meat animals	102	100	99	99	100	102	102	102	105	—
Dairy products	103	99	105	106	105	107	106	109	109	—
Poultry & eggs	100	103	108	112	122	125	130	138	144	—
All crops	71	100	106	99	101	88	105	112	109	—
Feed crops	31	108	125	119	101	63	118	113	113	—
Food grains	84	93	87	77	77	70	77	99	76	—
Oil crops	75	87	96	68	88	71	87	87	92	—
Cotton and cotton seed	68	111	113	83	127	133	103	138	140	—
Tobacco	75	89	77	58	61	69	71	83	85	—
Vegetables and melons	97	103	109	110	117	111	114	123	122	—
Fruits and nuts	100	100	99	95	109	117	111	113	105	—
Other crops	101	110	111	120	132	137	141	141	148	—
Farm input	96	98	95	92	89	87	87	89	89	—
Farm labor	95	97	89	87	94	88	82	87	88	—
Farm real estate	92	97	97	94	91	90	91	90	89	—
Durable equipment	95	91	86	80	74	70	67	65	63	—
Energy	97	100	90	84	93	93	91	90	89	—
Agricultural chemicals	93	106	101	111	100	90	93	90	94	—
Feed, seed, and livestock purchases	99	101	106	105	101	98	99	105	104	—
Other purchased inputs	107	108	99	89	92	90	96	97	100	—
Farm output per unit of input	88	103	111	111	117	112	124	127	126	—
Output per unit of labor	88	104	118	117	123	114	131	129	127	—
Farm ^{3/}	102	105	106	108	109	110	109	109	110	114
Nonfarm ^{4/}										

^{1/} New data and methods were used to calculate the 1991 indexes and to revise them back to 1988. ^{2/} Preliminary. ^{3/} Economic Research Service. ^{4/} Bureau of Labor Statistics. — = not available.

Information contact: Rachel Evans (202) 501-8362.

Food Supply & Use

Table 39.—Per Capita Consumption of Major Food Commodities^{1/}

Commodity	1985	1986	1987	1988	1989	1990	1991	1992	1993 P
Pounds									
Red meats 2/3/4/	124.9	122.2	117.4	119.5	115.9	112.3	111.9	114.1	111.9
Beef	74.6	74.4	69.6	68.6	65.4	64.0	63.1	62.8	61.5
Veal	1.5	1.6	1.3	1.1	1.0	0.9	0.8	0.8	0.8
Lamb & mutton	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pork	47.7	45.2	45.6	48.8	48.4	46.4	46.9	49.5	48.7
Poultry 2/3/4/	45.2	47.1	50.7	51.7	53.8	56.0	58.0	60.0	61.1
Chicken	36.1	37.0	39.1	39.3	40.5	42.2	43.9	45.9	47.1
Turkey	9.1	10.2	11.6	12.4	13.1	13.8	14.1	14.2	14.1
Fish & shellfish 3/	15.0	15.4	16.1	15.1	15.6	15.0	14.8	14.7	14.9
Eggs 4/	32.9	32.6	32.7	31.6	30.4	30.1	30.0	30.2	30.1
Dairy products									
Cheese (excluding cottage) 2/5/	22.5	23.1	24.1	23.7	23.8	24.6	25.0	26.0	26.3
American	12.2	12.1	12.4	11.5	11.0	11.1	11.1	11.3	11.4
Italian	6.5	7.0	7.6	8.1	8.5	9.0	9.4	10.0	9.8
Other cheese 6/	3.9	4.0	4.1	4.1	4.3	4.5	4.6	4.7	5.0
Cottage cheese	4.1	4.1	3.9	3.9	3.6	3.4	3.3	3.1	2.9
Beverage milks 2/	229.7	228.6	226.5	222.4	224.3	221.7	221.2	218.7	214.2
Fluid whole milk 7/	123.4	118.5	111.9	105.7	97.6	90.4	87.4	84.2	80.5
Fluid lowfat milk 8/	93.7	98.6	100.6	100.5	106.5	108.4	109.9	109.5	107.0
Fluid skim milk	12.6	13.5	14.0	16.1	20.2	22.9	23.9	25.0	26.7
Fluid cream products 9/	6.7	7.0	7.1	7.1	7.3	7.1	7.3	7.5	7.6
Yogurt (excluding frozen)	4.1	4.4	4.4	4.7	4.3	4.1	4.2	4.3	4.3
Ice cream	18.1	18.4	18.4	17.3	18.1	15.8	16.3	16.3	16.1
Ice milk	6.9	7.2	7.4	8.0	8.4	7.7	7.4	7.1	6.9
Frozen yogurt	—	—	—	—	2.0	2.8	3.5	3.1	3.5
All dairy products, milk equivalent, milkfat basis 10/	593.7	591.5	601.2	582.9	565.2	570.7	565.3	564.9	572.2
Fats & oils — Total fat content	64.3	64.4	62.9	63.0	60.4	62.2	63.8	65.6	65.0
Butter & margarine (product weight)	15.7	16.0	15.2	14.8	14.6	15.3	14.8	15.2	15.3
Shortening	22.9	22.1	21.4	21.5	21.5	22.2	22.4	22.4	22.9
Lard & edible tallow (direct use)	3.7	3.5	2.7	2.6	2.1	2.5	3.1	4.1	3.8
Salad & cooking oils	23.5	24.2	25.4	25.8	24.0	24.2	25.2	25.6	24.3
Fresh fruits 11/	111.0	117.7	120.8	121.5	123.2	117.1	113.0	122.7	124.3
Canned fruit 12/	16	16.5	16.6	16.3	16.6	16.5	15.4	17.8	18.1
Dried fruit	3.0	2.8	3.1	3.3	3.2	3.4	3.1	2.8	3.2
Frozen fruit	3.0	3.4	3.6	3.3	3.7	3.5	3.4	3.6	3.5
Selected fruit juices 13/	67.6	69.4	71.5	71.8	67.3	60.0	69.0	63.6	73.2
Vegetables 11/									
Fresh	102.1	100.4	107.0	110.8	114.9	112.3	109.6	114.0	113.0
Canning	95.3	95.6	95.2	91.2	98.9	107.2	109.4	107.2	107.9
Freezing	19.8	18.6	19.3	21.2	20.9	20.5	21.8	21.0	22.8
Potatoes, all 11/	122.4	126.0	126.0	122.4	127.1	127.7	130.4	132.4	135.7
Sweetpotatoes 11/	5.4	4.4	4.4	4.1	4.1	4.6	4.0	4.3	3.9
Peanuts (shelled)	6.3	6.4	6.4	6.9	7.0	6.0	6.5	6.2	6.0
Tree nuts (shelled)	2.5	2.2	2.2	2.3	2.4	2.6	2.3	2.4	2.3
Flour & cereal products 14/	156.1	162.0	170.7	175.4	175.2	183.3	185.6	187.0	189.2
Wheat flour	124.8	125.6	129.8	131.7	129.4	135.6	136.6	138.1	139.4
Rice (milled basis)	9.0	11.8	14.0	14.3	15.2	16.2	16.8	16.9	17.5
Caloric sweeteners 15/	131.5	129.7	134.5	135.5	135.9	139.8	140.6	143.8	147.1
Coffee (green bean equiv.)	10.5	10.5	10.2	9.8	10.1	10.3	10.4	10.3	10.0
Cocoa (chocolate liquor equiv.)	3.7	3.8	3.8	3.8	4.0	4.3	4.6	4.6	4.6

^{1/} In pounds, retail weight unless otherwise stated. Consumption normally represents total supply minus exports, nonfood use, & ending stocks. Calendar-year data except fresh citrus fruits, peanuts, tree nuts, & rice, which are on crop-year basis. ^{2/} Totals may not add due to rounding. ^{3/} Boneless, trimmed weight. Chicken series revised to exclude amount of ready-to-cook chicken going to pet food as well as some water leakage that occurs when chicken is cut up before packaging. ^{4/} Excludes shipments to the U.S. territories. ^{5/} Whole & part-skim milk cheese. Natural equivalent of cheese & cheese products. ^{6/} Includes Swiss, Brick, Munster, cream, Neufchatel, Blue, Gorgonzola, Edam, & Gouda. ^{7/} Plain & flavored. ^{8/} Plain & flavored & buttermilk. ^{9/} Heavy cream, light cream, half & half, & sour cream & dip. ^{10/} Includes condensed & evaporated milk & dry milk products. ^{11/} Farm weight. ^{12/} Excludes pineapples & berries. ^{13/} Single strength equivalent. ^{14/} Includes rye, corn, oat, & barley products. Excludes quantities used in alcoholic beverages, corn sweeteners, & fuel. ^{15/} Dry weight equivalent. — = not available. P = preliminary.

Information contact: Judy Jones Putnam (202) 219-0862.

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On December 15, 1993, the United States reached an historic agreement concluding the Uruguay Round of Multilateral Trade Negotiations under the auspices of the General Agreement on Tariffs and Trade (GATT). Benefits arising from the agreement include:

- U.S. farmers will gain from the increase in world income that will arise from the Uruguay Round agreement.
- U.S. agricultural exports are expected to increase by between \$1.6 billion and \$4.7 billion in 2000 and between \$4.7 billion and \$8.7 billion in 2005.
- Increased exports mean more export-related jobs, particularly for high-value and value-added products.
- Increased exports will raise farm prices, increase farm income, and lower Government outlays on price and income support programs.

- Perhaps even more important for the future is the discipline the Uruguay Round will apply to countries that might otherwise choose closed markets, production-inducing internal supports, and subsidized exports. This agreement has important consequences for our large trading partners that are currently outside the GATT: China, Taiwan, and the nations of the former Soviet Union.

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